

HAVE PATRON LEAVE ID AND  
SIGN FOR THIS VOLUME

DOCUMENTS DEPARTMENT

CLOSED  
STACKS

GOVERNMENT INFORMATION CENTER  
SAN FRANCISCO PUBLIC LIBRARY

C



SAN FRANCISCO PUBLIC LIBRARY



3 1223 03703 7174

DOCUMENTS

AUG 23 1977

SAN FRANCISCO  
PUBLIC LIBRARY











165  
41  
3  
1974~75

**INVESTIGATORY  
GRAND JURY  
ANNUAL  
REPORTS**

DOCUMENTS

DEC 28 1975

SAN FRANCISCO  
PUBLIC LIBRARY



**CITY AND COUNTY OF  
SAN FRANCISCO**

6632

**CALIFORNIA**





\*352.9  
Sa529  
[1974-75 to 1975-76]

FINAL 1974-75 INVESTIGATORY GRAND JURY REPORTS

TABLE OF CONTENTS

VI	Foreman's Letter to the Presiding Judge
253	Adult Probation Department
31	Aging, Commission on the
199	Agriculture and Weights and Measures, Department of
149	Airports Commission
185	Animal Control Center
180	Asian Art Museum
147	Assessor
183	California Academy of Sciences
153	Chief Administrative Officer
14	City Attorney
18	City Planning, Department of
1	Civil Service Commission
78	Community College Board
114	Controller
8	Coroner
202	County Clerk
15	District Attorney
120	Education, Board of
10	Electricity, Department of

Digitized by the Internet Archive  
in 2010 with funding from  
San Francisco Public Library



TABLE OF CONTENTS (continued)

115	Electronic Data Processing
150	Emergency Services
200	Farmer's Market
199	Finance and Records, Department of
176	Fine Arts Museums of San Francisco
151	Fire Department
155	Health Service System
12	Human Rights Commission
248	Juvenile Court - Youth Guidance Center
255	Law Library
96	Mayor
243	Municipal Court
24	Parking Authority
166	Permit Appeals, Board of
193	Police Department
211	Port Commission
205	Public Administrator - Public Guardian
16	Public Defender
136	Public Health, Department of
167	Public Library
82	Public Utilities
91	Water Department
93	Hetch Hetchy
85	Municipal Railway



TABLE OF CONTENTS (continued)

224	Public Works, Department of
231	Purchasing Department
226	Real Estate Department
203	Recorder
209	Records Center
187	Recreation and Park Department
204	Registrar of Voters
5	Retirement System
157	Sheriff
79	Social Services, Department of
33	Sunol Valley Golf Course
236	Superior Court
169	Supervisors, Board of
206	Tax Collector
228	Treasurer
165	War Memorial

\*\*\*\*\*

V	Interim and Special Reports, List of
---	--------------------------------------





MEMBERS OF THE 1974-75  
INVESTIGATORY GRAND JURY  
IN AND FOR THE  
CITY AND COUNTY OF SAN FRANCISCO

George Alferitz, Jr.

Thomas R. Ho

Alvin S. Baron

George P. Hoerr

Albert A. Biagini

John G. Kamena

Faxon H. Bishop

Perry Liebman

Mrs. Ida May Brown

Stephen K. Louie (Resigned  
March 13, 1975)

Miss Joyce M. Cirimelli

William G. Menary, Jr.

Keith E. Doerge

Mrs. Elizabeth Spencer Pfau

Mrs. Deborah C. Goldstein

Melvin S. Springer

Joseph W. Vaultz

Mrs. Jo L. Brown, Secretary

George A. Pagni, Foreman

Impaneled, July 3, 1974

Discharged, June 30, 1975





LIST OF INTERIM AND SPECIAL REPORTS  
ISSUED BY THE 1974-75 SAN FRANCISCO  
COUNTY INVESTIGATORY GRAND JURY

<u>DATE</u>	<u>SUBJECT</u>
February 13, 1975	Interim Report on the City and County Jails and Sheriff's Department
February 20, 1975	Interim Report on the Superior Court
June 20, 1975	Special Report on the San Francisco Port Commission

Note: Copies of these Reports are on file in the County Clerk's  
Office.



1974-75 SAN FRANCISCO COUNTY INVESTIGATORY GRAND JURY

Honorable Robert J. Drewes  
Presiding Judge, Superior Court  
375 City Hall  
San Francisco, California 94102

Dear Judge Drewes:

It is with mixed emotions that I address this letter to you. For one reason, it is nearing the end of our tenure in office and another is that through our various reports, interim and final, and investigations, we have not fully accomplished all that we as a jury had wanted to do.

It can be stated unequivocally that this Grand Jury, in the diligent pursuit of its mandated duty, has been unprecedented in the amount of hours spent and in its depth of inquiry. This fact should be emphasized and brought out as a preface to the reports that follow. We can be proud of this Grand Jury, representative citizens of San Francisco who have dedicated their time and efforts to bring about constructive criticism and suggestions for the understanding and betterment of City and County government. This has been an experience of a lifetime.

We were indeed fortunate this year to have two presiding judges. The Presiding Judge that impaneled us, The Honorable Clayton W. Horn; who inspired us to great heights and retired in January 1975; and you Judge Drewes, who have guided us in search of facts and truths and have given us wise counsel.

The Grand Jury this year has seen many changes. During our term a dual Grand Jury system was set in motion. An Indictment Grand Jury was impaneled in April 1975, to carry the function of indictment proceedings on criminal matters brought by the District Attorney. We may be the last Grand Jury to participate in both functions of investigation and indictments and the first to become the Investigatory Grand Jury. We appreciate the vast experience afforded us in participating in the indictment function, and thank the District Attorney's office, in particular, Chief Assistant District Attorney Walter Giubbini, and his able assistants for the excellent, intelligent, factual presentations of criminal cases that came before us.

There have been attacks on the Grand Jury and the Grand Jury system and its makeup, and the way it has been selected. There





have also been allegations that it does not fairly represent the citizens of San Francisco. I totally disagree with these allegations. It is representative of the citizens that have agreed unselfishly to give of their time and efforts for the service of the City and County of San Francisco and the Superior Court. All precautions are taken to assure a fair representation. When thirty names are chosen randomly to be interviewed for the Grand Jury only nineteen are chosen to serve on the Grand Jury. Some choose of their own free will not to serve because of prior commitments, conviction, situations, family or financial, that are incompatible with time and effort required of Grand Jury service and are removed from consideration.

The Grand Jury, when impaneled, is a cross section of the community economically and ethnically, representative of varying degrees of education, occupations, experiences, attitudes, desires, achievements, persuasions, political parties, health and wealth, national origin, race, color, creed, sex, age, and capacity. As the biblical quotation states ". . . many are called but few are chosen"; to do otherwise would not be representative of the people.

During the beginning of our term we had been requested by Mayor Alioto to investigate the Port Commission. We accepted that challenge and issued a special report on the Port, and have monitored the Port Commission meetings with great effectiveness. The Committee and I made special constructive suggestions in regard to leasing policy, port funding, and staff commission relationships. We have also met with the Mayor and asked for unity in the Port and overall support and backing for the new Port Director. This was the Grand Jury's effort in helping to move the Port in a positive direction.

The Sunol Valley Golf Course was our second investigation. This comprised the Sunol Valley Golf Course and Country Club and its business involvement with various potential developers of questionable character, and the attendant complications.

Although a minority of Grand Jurors did not accept fully the recommendations, those recommendations had a continuous logical relationship to the accepted factual report of the investigation. The investigation was exhaustive, thorough and consequently can be extremely relevant and worthwhile for full public disclosure and a basis for an overall leasing policy reform.

Our third investigation involved the Sheriff's department. Testimony was taken and exhaustive man hours were spent in search of facts. The Sheriff's good time/work time computations were analyzed, the City Attorney's opinion was requested, and that opinion stated that the Sheriff was computing good time/work time incorrectly. The Sheriff when informed by us officially of the





City Attorney's opinion, agreed to comply with that opinion. However, through the Committee Chairman's tenacity, we were able to determine that substantial compliance had not been made. This prompted us to request the Attorney General of the State of California, who has jurisdiction in matters of law enforcement, to require compliance with the City Attorney's opinion.

The Grand Jury also requested names of volunteers and others gaining admittance to the county jails. This was a grave concern to the Grand Jury because of the proliferation of drugs and drug-paraphernalia in the county jail. In fact, a prisoner while incarcerated in the county jail died of an overdose of drugs, a shameful result of a negligent policy in regards to controlling harmful substances and drug availability within the confines of the jails. The Grand Jury was concerned with this security and with the morale of guards and prisoners within that jail. Our request for the names of volunteers fell on deaf ears. As a matter of fact, the Sheriff's department through a subterfuge, called the Committee of 100, sued the Grand Jury in Federal Court, to halt the release of volunteer names to the Grand Jury. To add insult to injury the Sheriff's attorney filed a cross-complaint in Federal Court to disband the Grand Jury. The use of public funds, taxpayer's money, to sue another agency of government for a frivolous, capricious reason is a misuse of public funds. The 1973 Grand Jury was sued by the same Sheriff's department on basically the same grounds. A capricious act such as this should not go unnoticed, and one would hope that perpetuation of these conditions, policies and procedures would not be tolerated by the people of San Francisco.

Our fourth and equally involved investigation was that of Mental Health Programs within the City. This was the first time that any Grand Jury had ever investigated Mental Health Programs in the City and County of San Francisco. The Grand Jury from its investigation was able to analyze and make constructive recommendations. In the basic analysis, the City was not getting its money's worth for the money spent on health care, and that much of the cost went for administration instead of the needed health care delivery. For better program implementation and for more effective health care delivery, the Grand Jury recommended that all Mental Health Services should be under one system. A further effort was made by the Grand Jury, in a desire to not only be critical but put forth constructive alternatives, to draft television and radio spot announcement as to the facilities available to the public of San Francisco for the treatment of Mental Health. This announcement was aired over many radio and television stations and was an important contribution toward the better communication of available services to the people of San Francisco. The public was not generally informed on the availability of these Mental Health Services.



It has been apparent in many of our investigations of City and County departments, in particular those having a Board or commission form, within which the commissioners or Board members act as a "Board of Directors" and usually make policy decisions, that commissioners or Board members in matters of real estate transactions, such as leases, usually are not fully informed by staff and are not made aware of the true value of the transaction or the financial, legal, short or long term implications of the terms or conditions of that lease or contract. The bona fide interest and capacity of the prospective lessee or the competence, capability, capital, credit, ability to perform, and background of the perspective lessee is not fully understood by staff and that information is not properly communicated to those commissioners or Board members who have the ultimate decision in the matter.

It is therefore recommended that an uniform leasing policy be established for the City and County of San Francisco, stating proper procedures for obtaining information of perspective purchasers or lessees, for mandatory lease terms and conditions and for proper communication and full disclosure of those terms and conditions.

Such procedures can include but not be limited to:

- 1) That staff make the proper background checks necessary, dependent on type, length, and terms and conditions of lease or sublease to determine the capacity, competence, capability, capital, credit of lessee, and ability to perform terms and conditions of the lease or contract.
- 2) That background checks on prospective lessees, include but not be limited to a credit check, Dun and Bradstreet report, and Police fingerprint and background checks.
- 3) That audited financial statements be made a requirement.
- 4) That full disclosure of this information be made by staff to the commission.
- 5) That all monies, received for deposit for security of terms of lease, sublease, or contract be deposited in the office of the Treasurer within twenty-four hours as required by law. That all monies received be in the form of a certified check or secured form of negotiable value, with that form being acceptable to the staff attorney.
- 6) That the attorney for the commission not only approve of a lease or contract as to form, but give advice and consent as to the terms and conditions.





7) That comparisons be made with private industry, and if available, comparable leasing figures be obtained and specific terms and conditions be analyzed in order that a optimum rate of monetary return be secured, in the terms, for the City and County of San Francisco. This information should be made in analytical terms to the commission, in a public meeting in order to accomplish full disclosure.

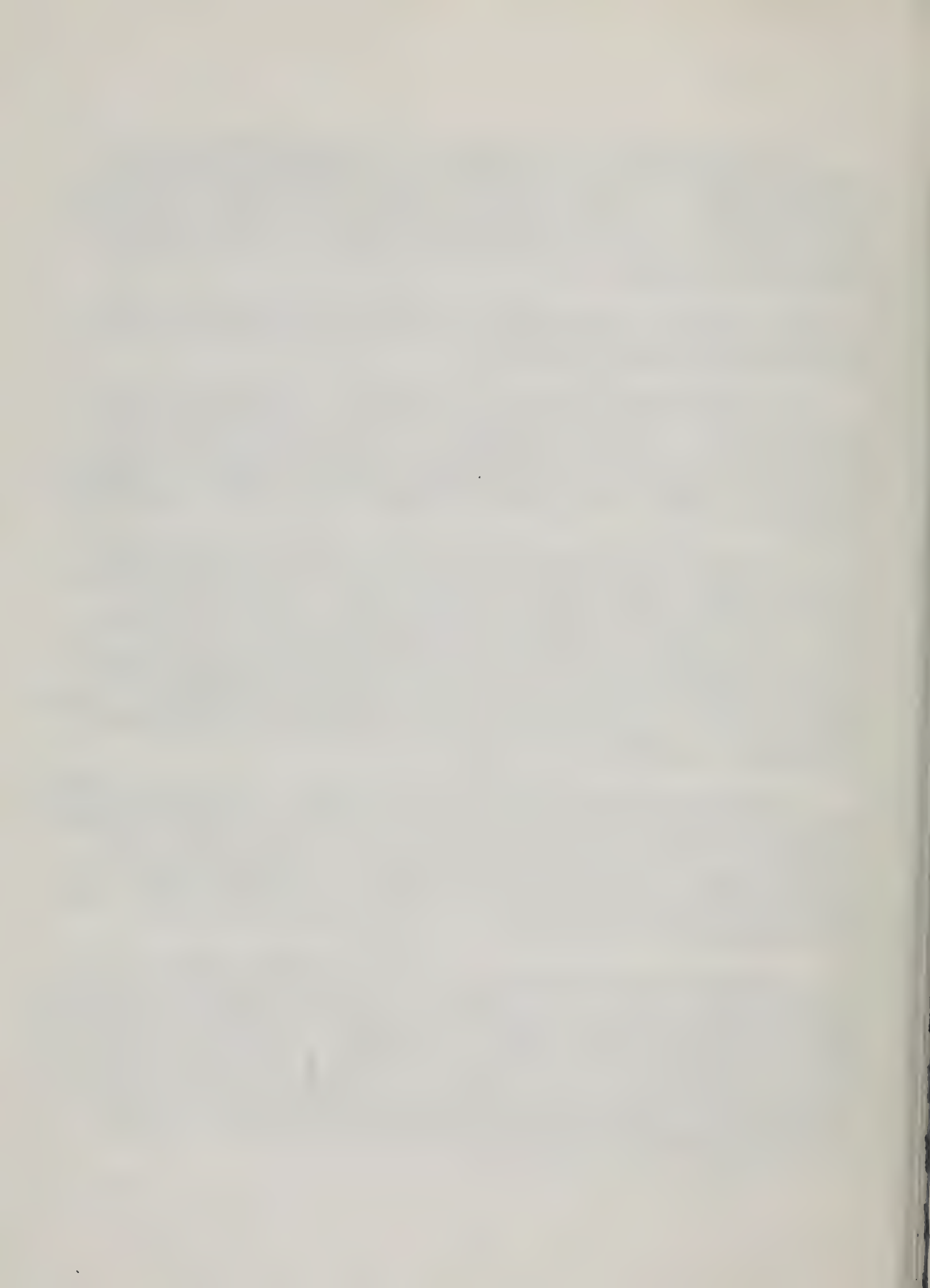
8) That post implementative review and audits be made at specified times in order to insure compliance with terms and conditions of the lease or contract.

9) That if the terms and conditions of a contract or lease are not complied with within a period of not longer than forty-five (45) days, that the situation be brought directly to the attention of the Board or commission and recommendations and proper legal procedures be initiated for immediate lease or contract compliance, and/or Performance Bond forfeiture, and/or termination of lease.

Recognizing that Boards and Commissions are functionally different they could, however, have uniform procedures and formats, general policies and standard agenda forms. Some agendas are printed on legal size paper while others on 8 1/2" x 11" paper, some use modified parliamentary procedure some none at all. The form of the agenda sometimes lacks full information of contents to be discussed and uniform procedures for public response to agenda items. It is recommended that a study by the Mayor's office be initiated to analyze where standardization can be instituted in agendas, procedures, and policies.

Board member and Commissioner orientations and general standards of responsibilities should be set out for those newly appointed to Board and Commission posts whether they are charter or ordinance commissions, and an analysis of prospective board members and commissioners should be instituted prior to their appointment. A review should be made as to the compatibility of their full time occupation with the Conflict of Interest Ordinance, Section 8.105 of the Charter, as amended.

Further standardization of the administrative structure in the Port of San Francisco should be considered and it is suggested that the Mayor's office, within its charter jurisdiction, lend its leadership and direction toward this goal. The Port, has an archaic management structure that is non-functional. The functions of the Port or divisions within the Port are not controlled by a manager or assistant director, this fact has a tendency to diffuse the integrity of an organization and disperse its energy and effort creating inefficiency and dysfunction.

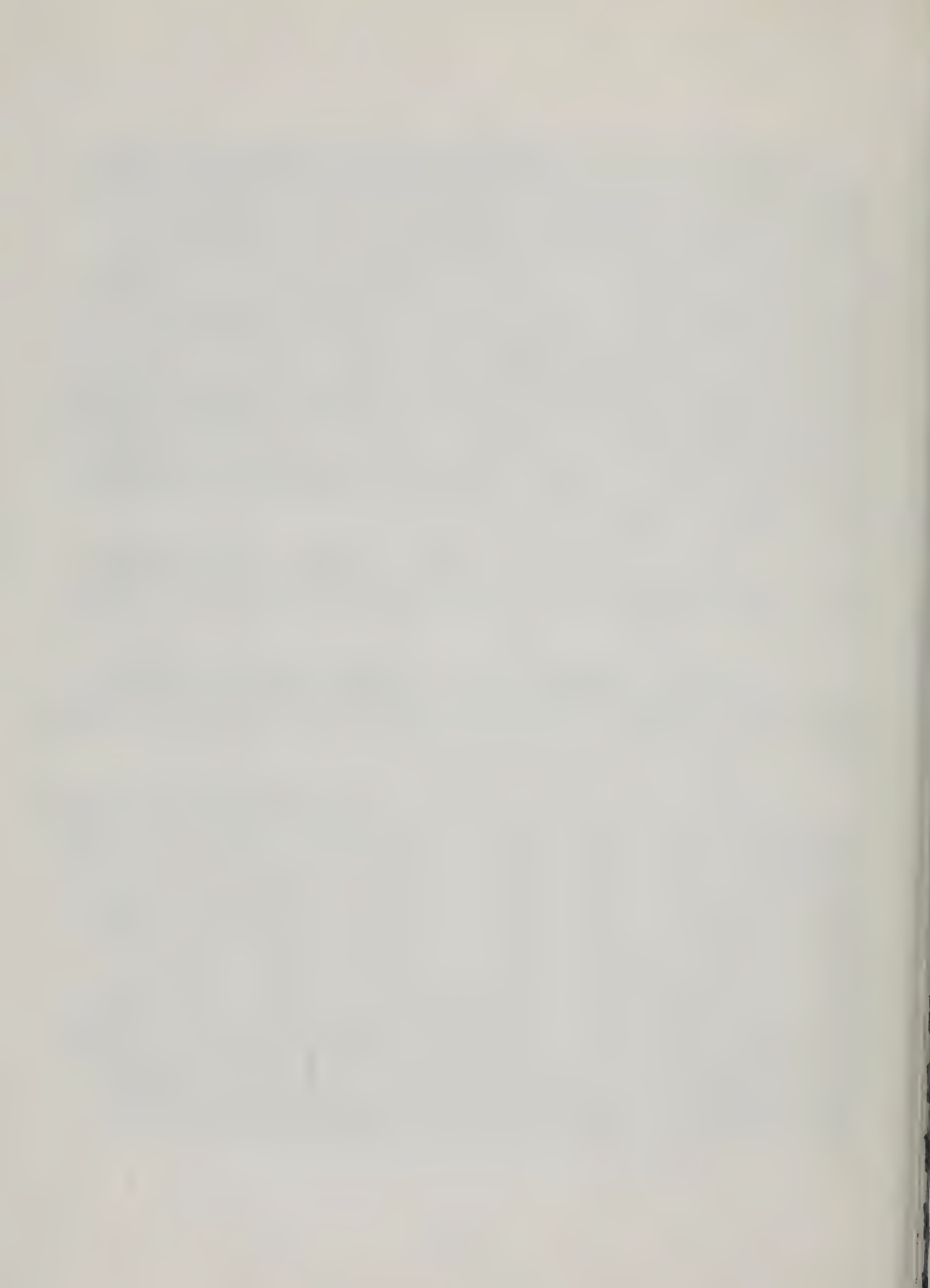


Recognizing that the new Port Director has not had the opportunity to interface with this problem and that a management structure such as that at the International Airport, has been under consideration by the Port Commission for sometime, does not lessen the need or immediacy of action to solve that problem. The Port's functional organization could resemble that of the Airport's wherein each functional division is set up to handle its particular function and relate directly to the Port Director. The following divisional set up has been under consideration but lacks implementation. Divisions could resemble a structure that establishes a Maritime Division, including all maritime activities and including Sales; Finance and Administration, including payroll and general administration; and Development and Engineering, including non-maritime development functions and engineering which includes maritime and non-maritime, and that each category have the title of Deputy Port Director. It is recommended and encouraged that an early approach be initiated toward the adoption of a functional management structure for the Port of San Francisco such as the one suggested.

Inter-departmental communication, cooperation and coordination in relation to the overall City and County structure and generally stated departmental objective and projects is virtually nil.

The county mandated departments generally under the supervision of the Chief Administrative Officer, and city functions, Boards and commissions, generally under the Mayor's office, should interface and better communication should be manifested for greater effectiveness and efficiency in government.

Consequently, I would put forward another recommendation to the Mayor's office and to the Board of Supervisors that a City and County Departmental Executive Committee be established as a means of accomplishing inter-departmental communication and coordination. Department heads could be the official representatives to these meetings and alternates could be designated within each department. Meetings could be on a once a month basis or as needed, and written agendas adopted. The Departmental Executive Committee could review, comment and make suggestions on any subject matter that crosses departmental lines and within the Executive Committee's jurisdiction. This City and County departmental interface would create better use of resources, personnel, greater functional efficiency and better coordinated services. The Chief Administrative Officer, as the general manager of the county mandated functions, and the Mayor's representative, with general responsibility of city functions could co-chair these meetings. Minutes should be recorded and reports of action taken be made available to the Mayor and the Board of Supervisors.



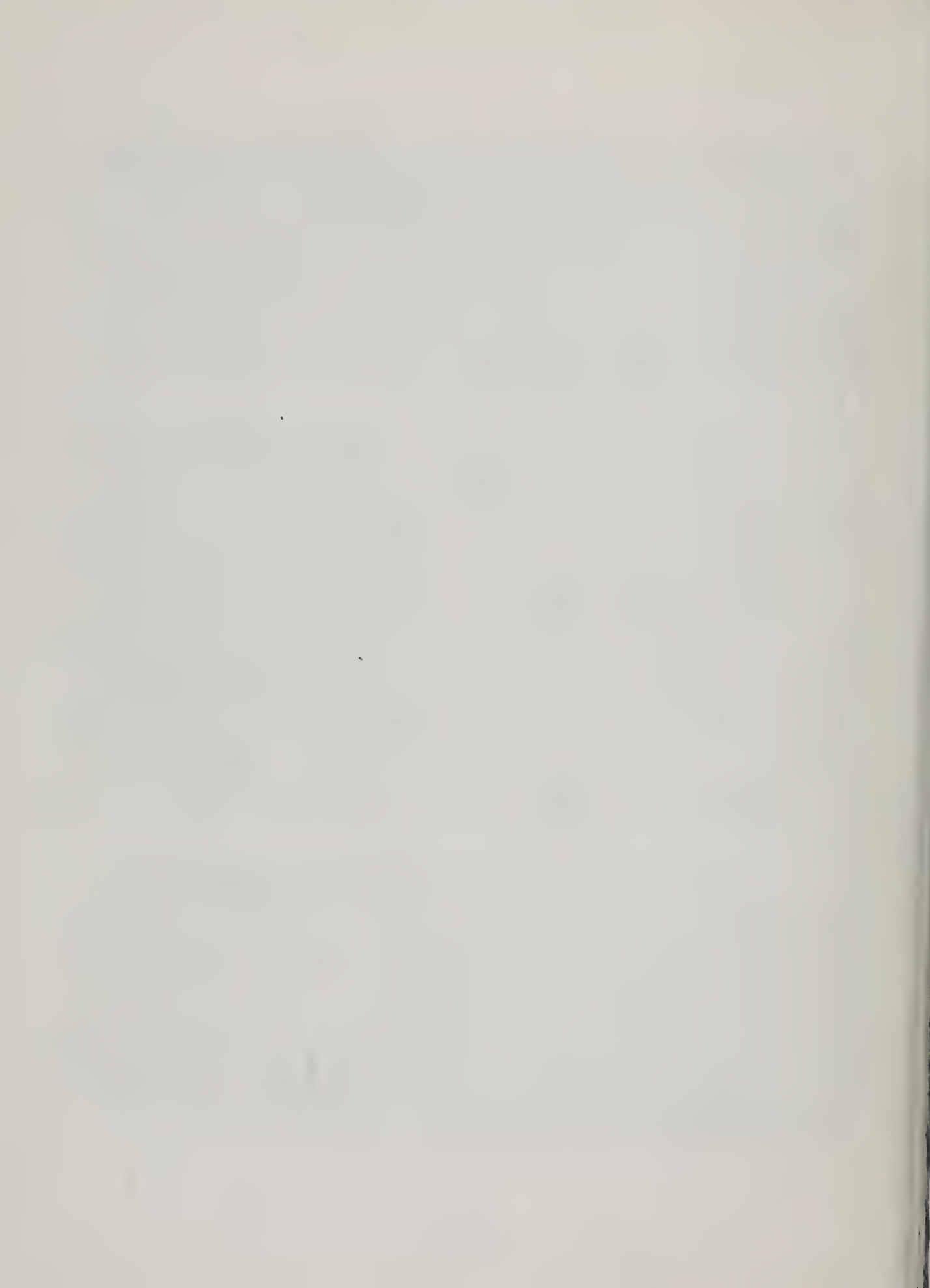


There are times when the Board of Supervisors and even the Mayor face problems and situations that seem to be almost insurmountable and need a wider latitude of analysis. It is therefore recommended to the Mayor and the Board of Supervisors that a voluntary Board of Advisors be instituted. This would be five persons, or at the most six, non-political, chosen from an area of expertise, experience and maturity who would meet without compensation, when asked to help and advise on certain activities. They could be five of our most acceptable citizens, chosen from various fields, such as banking, law, finance, general business, industry an economist and perhaps a political scientist. Their advice and counsel might bring forth new light for arriving at a proper solution to any problem.

It is apparent that the City is spending an excessive amount of money to rent and lease space for various departments, and when the Department of City Planning vacates the property it now occupies, the total rental figure will increase. It is recommended that the building now occupied by the Board of Education, the old Commerce High School, be considered as a site for possible new municipal building. That building has been condemned and the property belongs to the City. A ten story building could be constructed with an underground garage and accommodations for most City and County departments that now spend approximately \$1,500,000 a year, use approximately 503,000 square feet of space and have 93 leases outstanding. These figures do not include the necessary leased facilities such as libraries that are important for localized service delivery. The amount spent for leased facilities could pay for the bonds, or other means, to finance such a structure. Consolidation of City departments would be most advantageous, efficient and save the City money. It would afford more space for many departments that are now in cramped areas and bring those departments that are scattered throughout the City back into one City building.

It would be remiss if this Grand Jury, in its concern for good government, did not mention, as has been addressed to in many Grand Jury reports, a case for City Charter revision. The City Charter could and should be looked at in terms of current needs and conditions. The Charter is the City's official constitution and written in the days when air and noise pollution was not a problem, fuel crises were unheard of, density encouraged, and jets a "Da Vinci" mechanical drawing. We, as the 1974-75 Grand Jury continue our concern, as other Grand Juries have, and maintain continuing efforts to affect movement toward City Charter revision. We, therefore, will go on record recommending and encouraging that a commitment be made by the Board of Supervisors to move towards a City Charter Study Committee to analyze and establish areas for possible Charter Revision.





In my one year tenure as Foreman, brief as it may seem I have had contacts with some City departments more than others, talked to more public employees than others, seen more areas of City and County government than others, and in all of this experience I am left with a general overall appreciation for the dedication of some who are striving to do more than their share and a general impression of the fine dedicated people within the City and County government. As a Grand Jury must usually function, it investigates problems and inefficiencies that come to light and need immediate public exposure and attention. We thank those dedicated and hard working public employees not only because it makes our job of investigation and reporting much easier, but also because the citizens of San Francisco are receiving their just attention, efforts and service delivery that citizens' tax dollars should bring forth.

In emphasis of this point, I would like to hail the efforts of Carolyn Moran, of the Grand Jury office, without who's support and cooperation we as a Grand Jury would not have been able to function, and my thanks to Michael Tamony, who received the brunt of the precocious Grand Jury's demands and responded admirably.

We as the Grand Jury received outstanding support from City Attorney, Thomas O'Connor, with our constant requests for opinions on matters before us. The City Controller, John C. Farrell, gave excellent cooperation to our many inquiries and provided us with direct implementation of corrective salary matters that affected various city departments.

The Mayor, and the Executive Deputy to the Mayor, John DeLuca were available, cooperative and most supportive. Their office and resources were made available to us in our investigations for the asking, this was greatly appreciated.

And to you Judge Drewes and to retired Judge Horn, I thank you individually and collectively on behalf of the entire Grand Jury for giving us this opportunity to serve the Superior Court and the City and County of San Francisco.

Lastly, I must commend the 1974-75 Grand Jury to you as exemplary, and we can be extremely proud of its accomplishments.

For and on behalf of the Grand Jury I thank you for your cooperation.

Respectfully submitted,

GEORGE A. PAGNI  
Foreman, 1974-75 San Francisco  
County Investigatory Grand Jury



## CIVIL SERVICE COMMISSION

This Committee has made an in-depth survey of the Civil Service Commission, Health Service System and Retirement System.

Because of the inter-relation of the above services and the dependency of each on the other relating to the initial hiring, health and welfare coverage, and retirement of city employees; this committee recommends certain changes which the directors of each department agree would eliminate record-keeping duplication and contribute to the cost and personnel efficiency of each department.

To further substantiate and support the reason for this recommended change, a summary of the functions of each department is herein detailed.

The Civil Service Commission's role in the personnel function is detailed in 16 Charter sections governing classification of positions, examination procedures, hearings and disciplinary procedures, salary administration, leaves of absence, and the responsibility for adopting rules to carry out the intent of the various Charter sections.

The Health Services Charter provisions deal with the administration of the various health insurance plans including fund accounting, actuarial reports, contributions by the City and the employee, service contracts, deductions and the power to grant exemptions.

The Retirement System provisions are concerned with the administration of the City retirement plan for miscellaneous employees, police and fire, and certificated employees of the School District. The Retirement System is charged with the responsibility for investing the contributions to the system, to make actuarial evaluations, to prepare proposals for revision of benefits, and to determine the retirement and death benefits due to members of the system.

It would be a monumental task to review and revise all the pertinent charter provisions affecting personnel, health service and retirement activities in order to form a single consolidated personnel commission.

It is, therefore, recommended that a new charter section establishing a personnel commission be written and submitted to the electorate at the next election - subject to the approval of the City Attorney, as to form, which would read in part as follows:

"Notwithstanding any other provision of this charter, there is hereby established a not more than seven member personnel



## CIVIL SERVICE COMMISSION (Continued)

commission which will be responsible for all personnel activities, benefits and programs for city employees."

The three departments under this Personnel Commission shall be administered by a committee system or Director - one for personnel, one for health services and one for retirement.

This would eliminate the present duplication of record keeping by each service and ultimately contribute to more up-to-date records and efficiency in operation for the three departments involved.

This consolidation would also result in more coordinated efforts and improvement in providing personnel services to the employees, to management, and to the legislative body. Furthermore, collective bargaining, which the City will be fully implementing soon, involves bargaining on wages, fringes and benefit programs which must be evaluated and costed accurately and for which information must be consistently and currently maintained and available.

Another personnel function which has been currently assigned to the Chief Administrative Officer by ordinance of the Board of Supervisors is the Employee Relations Division. This division is responsible for meeting and conferring with employee organizations and personnel on matters such as grievances, working conditions, benefits, and in the future, salaries and wages. This work is basically a personnel function and should be reallocated in the proposed Personnel Department which will have the necessary resources, experience and historical files and documents to administer employee relations programs. Many other personnel agencies in the state similarly organized, place the responsibility for employee relations in the personnel department.

There are other changes that merit consideration for implementation by the Board of Supervisors, the electorate, or any groups or body with the authority to modify existing routines or practices that are not considered practical by a least two-thirds of the department heads. We further recommended that the three departments study the current staff utilization and report on what payroll savings could be realized by the consolidation of functions including the Employee Relations Division.

### 1. Rule of One

The present "Rule of One" requires that the top eligibles on a list must be offered appointment to a position before other eligibles are considered. The staff advised that the elimination of the Rule of One was proposed during the last study of the Civil Service Charter Review Committee. There was opposition from some employee groups and consideration was deferred until this year. The Civil Service staff indicated that there is an abundance of material to support submission of this proposal to the electorate, and it was stated it was their intention



## CIVIL SERVICE COMMISSION (Continued)

to do so in the next election. A majority of department heads (approximately 2/3) prefer a multiple certification rule with most preferring a Rule of Three. We have been informed by the Civil Service staff that 27 agencies in the State of California responded to a recent questionnaire and indicated they used the Rule of Three or more. Some of these agencies have operated under a multiple certification rule for many years satisfactorily.

The Rule of One necessitates more detailed examination procedures as well as a narrower classification plan; this increases the burden on the examination staff and places undue emphasis on the examination process forcing the personnel department, in effect, to make decisions on appointments rather than by department heads who want and should have this right. No examination process can be adequately designed to make the Rule of One a valid means of selection. An eligible list must often be used for selection in a variety of settings where knowledge, skills, abilities, and personnel requirements are not exactly the same. Eligible number one is not necessarily the best for each of these openings.

Other arguments supporting the elimination of the Rule of One are that the person who is most skilled at taking examinations, may not be the best person for the job available. The Rule of Three or more would be especially desirable for selection of employees who deal directly with the public. A strong personnel system and personnel department can keep the Rule of Three from being abused.

### 2. Performance Budgeting

The City and County of San Francisco now has line-item object or expenditure type budgeting. The personnel department, although not specifically responsible for budgeting procedures, has interest in this subject because proper budgeting results in better efficiency and a more practical performance which makes personnel planning and staff utilization more productive. Performance budgeting requires a well-developed system of management records and cost accounting. Some agencies tend more to performance budgeting in stages by first using a combination line-item and personnel budgeting process with a direct tie-in with data processing applications. Although we recognize that the conversion of the line-item budget will take some time and requires revised accounting systems, changes in fiscal controls, changes in data processing and organization, and changes with departments; we recommend it for better management control.

### 3. Training for Mid-Management and Top-Management Personnel

Civil Service staff indicates a definite need in this area. Because of the merit system promotions, it is extremely difficult to bring outside management personnel into the City service at mid-management level positions; as a result, promotions are made with heavy

## CIVIL SERVICE COMMISSION (Continued)

emphasis on seniority.

Currently the City has management training programs at Golden Gate University which permit employees who would not otherwise have been qualified for management positions to be qualified following completion of the college-level management training curriculum. The Civil Service Rules provide for a training reimbursement program which permits employees to be reimbursed 50% for the cost of training professionals, administrators and top-management personnel for promotional examination at college-level courses at various colleges and universities, and 100% reimbursement if the management training is to improve their management skills and techniques in current positions. Only \$10,000 is provided in the Civil Service budget for this program which is ridiculously inadequate. This program should be implemented with additional funding in the budget to provide continuous management training for all these personnel.

The present training program is practical and a step in the right direction, but the \$10,000 budgeted is ineffective and inconsistent with the potential possible. An increased training budget would permit present career personnel to take courses so they could upgrade from service to mid-management to top-management positions.

The cost of in-training for these employees should be on a sharing basis of 60/40 to 20/80 depending on the prevailing eligibles within the group and recruitment demand. The training should include techniques, procedures and methods to accomplish personal advancement goals.

### 4. Job Evaluation, Rating and Descriptions

All jobs should be re-evaluated for all Civil Service openings based on accepted and approved job description - evaluation manuals with 10 to 16 (or more) factors. Each factor having an appropriate maximum point factor. The manual used should be one that covers the complete range of city employees and one whose total factor points are generally related and accepted for reference to benchmark jobs for the purpose of establishing rates of pay as is paid by the combined average of the private sector, Craft and Industrial Unions. The consistent 40-hour-year-round week should be decisive for relative comparison as City workers are not confronted with prolonged layoffs, seasonal work, or weather conditions when considering benchmark jobs as it applies to crafts.

After an evaluation and job description is concluded and it is found that prevailing rates are low, they should be corrected accordingly. In cases where the rates are found to be high, the incumbent employee would maintain that rate until inflation, reclassification or revised job description rates come up to the "red circle" rate of the incumbent.



## CIVIL SERVICE COMMISSION (Continued)

The job evaluation rate should not affect fringe benefits such as sick leave, vacation, pensions, medical-health coverage, etc.

### 5. Termination - Transfer - Discipline of Personnel

When an employee's performance progressively deteriorates to the point that the head of the department feels he must take corrective steps to remove the liability, he should schedule a meeting of the department head, the employee involved, his labor representative and the Director of Civil Service Commission for a preliminary meeting at which time all of the complaints against the employee are cited with the intent to rectify or correct the cause or condition if possible. Thirty to sixty days later another meeting shall be scheduled by the department head with the employee; his representative, and the Director of Civil Service or his representatives to re-evaluate and determine if any improvement has taken place. If it is apparent that some improvement developed, another repeat meeting can be scheduled. If continued deterioration prevails, procedure to remove the employee from that department should be instigated by the department head in writing referring to the previous meetings as preliminary corrective efforts, and a meeting/hearing scheduled with the department head, Director of Civil Service, the employee involved, his labor representative or counsel, and two outsiders- preferably an M.D. and a University Professor of Labor Relations. (All parties to agree by majority on the two outsiders).

We feel that the present Commission as set up is carrying out its assignment as prescribed by the Charter, but improved efficiency is possible by modifying and revising some established routines, procedures and practices.

## RETIREMENT SYSTEM BOARD

The Retirement System Board is managed by Mr. Daniel Mattrocce, Secretary and General Manager. The Commission he serves is headed by Mr. John J. Simpson, President, and five other commissioners (one seat is currently vacant), dedicated to protecting and increasing a multi-million dollar fund.

It is extremely difficult to render a conclusive report on the investment operation of the Retirement Fund insofar as there have been dramatic fluctuations in the various capital markets caused by the recent worldwide recession, high levels of inflation, and major dislocations in the political environment. At one time the Fund had close to \$600 million when in January of 1973 the stock market experienced a sharp decline from a high of over 1000 to a 30 year low of 570, as measured by the Dow Jones Industrial Average.

## RETIREMENT SYSTEM BOARD (Continued)

During this time, the market value of the common stocks held by the Retirement System experienced a decline of approximately \$55 million. Since then, due to a recovery of the market coupled with professionally competent investment management, the fund has recouped approximately \$36 million of the \$55 million unrealized loss. This was accomplished primarily by committing cash reserves to the common stock area when the market was low and restructuring the existing common stock portfolio by selling less desirable issues and reinvesting in common stocks with greater potential.

Currently, the investment policy of the Retirement System is to invest 75% of net additions to the portfolio in high grade bonds and 25% in investment quality common stocks. From time to time, predicated on the outlook for the respective capital markets, the portfolio maintains cash reserves, which are temporarily invested in commercial paper. During the recent bear market of 1973-74, the portfolio's cash reserves were as high as \$50 million, which yielded in excess of 10%.

The investment policy of the Retirement System insures that the portfolio maintains a prudent diversification of investments. With respect to investments in common stock, there exists a de facto limitation of not investing more than \$4,000,000 in any single company, which is less than 1% of the total portfolio. The Diversification policy with respect to the investment in bonds is:

- AAA No more than  $3\frac{1}{2}\%$  of total book value of fund be invested in the outstanding debt of any individual issuer.
- AA No more than  $2\frac{1}{2}\%$  of total book value of the fund be invested in the outstanding debt of any individual issuer.
- A No more than  $1\frac{1}{2}\%$  of the total book value of the fund be invested in the outstanding debt of any individual issuer.

The record of annual income for the last 5 fiscal years, as measured by dividend income, interest income, and realized gains and losses from the sale of securities were as follows:

<u>6/30/74</u>	<u>6/30/73</u>	<u>6/30/72</u>	<u>6/30/71</u>	<u>6/30/70</u>
4.139%	4.61%	4.57%	4.38%	4.22%
<u>\$23,569,358</u>	<u>\$27,854,887</u>	<u>\$25,658,035</u>	<u>\$22,382,403</u>	<u>\$19,170,107</u>

The projected net income on total investments for the fiscal year ending June 30, 1975 is estimated to be 4.75%. While this percentage may be considered low in comparison to current interest rate levels of  $8\frac{1}{2}\%$  to 9%, it should be borne in mind that the portfolio holds a large portion of bonds that were purchased years ago when the prevailing

## RETIREMENT SYSTEM BOARD (Continued)

level of interest rates were in the 2½%-3% range.

As of March 31, 1975, the market value of the Retirement Fund is approximately \$479,241,729. The portfolio consists of \$107,288,564 invested in common stock, \$334,953,165 in bonds, and \$37,000,000 in commercial paper as a buying reserve.

The Retirement System relies on the City and County's E.D.P. Department for a print-out of its operation. This has been the reason for delays in completing yearly audits. It is the opinion of this committee that by contracting with an outside firm the E.D.P. problems could be alleviated.

Mr. George B. Springman has been in the employ of the Retirement Board since November of 1970. Because of his skills and abilities the investment results have been relatively good considering the difficult market conditions that have prevailed during this period. In addition, Mr. Springman restructured the investment operation which resulted in reducing administrative costs by more than \$100,000 and, at the same time, brought about a more efficient investment operation which should yield better results in the future.

The committee has learned that a salary survey study of 52 companies with assets comparable to the Retirement System clearly demonstrates that Mr. Springman's salary is far below the median for comparable responsibilities.

The Retirement System Board now makes monthly payments to 9,376 retired workers for a total of \$61,669,584 annually. The present number of workers covered contribute \$15,644,576 annually to the Retirement System. The City and County contributes approximately \$47,087,784.

This committee has discussed the possibility of a personnel commission to eliminate duplication of records as recommended in our Civil Service Commission report and also the Rule of Three with Mr. Mattrocce and Mr. Springman and they heartily concur with us.

Albert A. Biagini

William G. Menary, Jr.

Perry Liebman, Chairman



## CORONER

The Coroner is a county officer charged with the responsibility of investigating certain deaths in the county. The position requires a physician with advanced training in the special area of pathology. The Coroner-Chief Medical Examiner operates under the Chief Administrative Officer and is a civil service employee.

The Coroner-Chief Medical Examiner is Boyd G. Stephens, M.D., who is a board qualified pathologist. Doctor Stephens was appointed in September 1971, and was ordered to active duty with the Navy in June 1973. He was released in September 1974. When this committee was formed the acting Coroner was Ervin J. Jindrich, M. D. Doctor Jindrich was elected Coroner of Marin County in November 1974, and is now serving in that position. This committee interviewed both men and was impressed with their dedication and service to our community.

The Coroner's office is divided into 6 departments as follows:

- 1) Autopsy Department
  - 3 part-time pathologists
  - 3 full-time morgue attendants
  - 1 part-time morgue attendant
- 2) Pathology Department
  - 1 part-time pathologist
  - 2 full-time technologists
- 3) Toxicology Department
  - 1 part-time toxicologist
  - 1 full-time assistant toxicologist
- 4) Investigative Department
  - 1 Assistant Coroner, administrator
  - 10 Coroner's investigators
- 5) Legal Department
  - 1 part-time certified court reporter
- 6) Clerical Department
  - 1 medical clerk-stenographer
  - 1 senior clerk
  - 3 medical transcriber-typists
  - 1 Coroner's estate investigator

CORONER (Continued)

The committee was impressed with this county department. It is well managed and the laboratories and autopsy room were spotless. Laboratory equipment, while adequate, is not sophisticated enough for today's standards. Some units are over 10 years old and cannot cope with the new techniques used today.

This committee recommends that older laboratory equipment be phased out and be replaced with the latest equipment. The committee also notes that Doctor Stephens does not have a secretary and must do a great deal of his own secretarial work and we recommend that an executive secretary be assigned to his office.

Alvin S. Baron

Melvin S. Springer

Faxon H. Bishop, Chairman

## DEPARTMENT OF ELECTRICITY

The responsibilities of the Department of Electricity are numerous and varied. The Department has the major duty of the complete radio communications set-up of the City and County. It repairs and maintains both mobile and fixed radio installations, and recommends various types of equipment to the using agencies.

The Department also has the duty of the repair, construction, maintenance and installation of electric services as follows: Fire Alarm System, Bank Hold-up Alarms, Police Teletype. Police Emergency Telephone System, Air Raid Sirens, overhead lines and underground cable systems.

The Department is also responsible for the repair and maintenance of the various types of traffic signals used. The Department assists contractors in development and installation of signals, and works with other City and County agencies in planning for future traffic signals.

The Department of Electricity has a mechanical division responsible for the repair, maintenance and manufacture of the mechanical equipment under the jurisdiction of the department. The equipment consists in part of Fire Alarm Boxes, Police Telephone Boxes, Traffic Signals and Parking Meters. The division manufactures new and replacement parts for the above equipment.

The Department operates the Central Fire Alarm Office located at 1003 Turk Street. This office is responsible for the receipt of fire alarms. The Department of Electricity personnel test, trouble shoot, do emergency repairs, monitor and operate the Civil Defense Siren Systems.

The Department of Electricity is headed by Mr. Burton H. Dougherty, a long time employee of the City and County. The General Manager reports to the Chief Administrative Officer and is a civil service employee.

The committee was impressed with the Department of Electricity. The shops were well equipped and all personnel went about their duties in a most efficient manner. We note that plans were drawn and bids were out for a new command and control system at the Central Fire Alarm Office, which will result in a more efficient operation.

Mr. Dougherty is the Chairman of the Ad Hoc Committee for 911, the single emergency number to be used for calling Police, Fire and other emergency services. His committee has determined that the

DEPARTMENT OF ELECTRICITY (continued)

911 number service can be made available in September 1975. This committee recommends that all possible assistance and support be given in order to implement this valuable service to our community.

Alvin S. Baron

Melvin S. Springer

Faxon H. Bishop, Chairman



## HUMAN RIGHTS COMMISSION

The Human Rights Commission was established by City Ordinance in July, 1964. The scope of the enabling ordinance (Section 12A of the Administrative Code) was expanded in August of 1974. The Declaration of Policy now states: "It is hereby declared that the policy of the City and County of San Francisco is to act to give effect to the rights of every inhabitant of the City and County to equal economic, political and educational opportunity, to equal accommodations in all business establishments in the City and County and to equal service and protection by public agencies; that an instrumentality should be established to give effect to such rights, to eliminate prejudice and discrimination because of race, religion, color, ancestry, age, sex, sexual orientation, physical disability, or place of birth; to inform the inhabitants of the City and County of developments in human relations, to provide expert advice and assistance to the officers, agencies, boards, departments and employees of the City and County in undertaking ameliorative practices to keep peace and good order and to officially encourage private persons and groups to promote and provide equal opportunity for and good will toward all people."

The HRC Staff consists of 14 people funded by the City budget, 33 funded by the Federal Emergency Employment Act (EEA) and the Comprehensive Employment Training Act (CETA), and 5 funded by special grants. The Commission consists of 15 members who are appointed by the Mayor. Section 12A states that the Commissioners are to be "... broadly representative of the general public and the employer, labor, religious, racial, age, sex, sexual orientation, physically disabled and ethnic groups in the City and County of San Francisco". The Commission is broken down into five standing committees: Employment, Youth & Education, Housing & Urban Development, Social Programs, and Police Liaison. It is through these committees or an occasional ad hoc committee, or one of the ethnic community advisory councils that the HRC receives its work. These committees are composed of representatives from industry, labor and the community, as well as Commissioners.

The staff structure, under the Director is divided into two sections: Employment and Community Organization. Employment continues to be the main focus of the HRC, with emphasis on affirmative action, job development and on developing procedures for more effective recruitment and selection of minority job applicants. Under Section 12B of the Administrative Code, HRC is responsible for enforcing the requirement of non-discrimination of all City contractors. Compliance officers go through the following steps with City contractors: data collection and analysis; negotiation of affirmative action programs and agreements; monitoring of affirmative action agreements; investigation of complaints; determination of compliance under Section 12B; and if necessary, initia-



## HUMAN RIGHTS COMMISSION (Continued)

tion of enforcement procedures including show cause hearings and appeal hearings.

Education programs and problems are an area of serious and continuous concern for the HRC. Examples of HRC involvement in public education are its involvement on behalf of bilingual education, counseling, free and reduced price lunches, students rights and responsibilities, occupational education opportunities, State and Federal legislation affecting education, parent participation, programs for the gifted, inservice teacher training, multi-cultural education, desegregation, reading programs, and expanded minority group personnel hiring and promotion.

This Committee has met with the Director of HRC, Mr. William Becker, and attended numerous commission meetings. We feel that the HRC is responsive to the needs of the community. The commission meetings are conducted in an orderly manner, and are conducive to community involvement - an important point for a commission dealing with the rights of all citizens. The informal round table format of the commission meetings lends itself well to meaningful discussion of matters presented. The Commissioners are to be commended for their valuable contributions to the community. They receive only minimal compensation for the enormous amount of time and energy expended to serve the people of the City and County of San Francisco. This Committee feels, however, that attendance at commission meetings needs improvement. We hope the Commissioners recognize the importance of their presence at both committee and commission meetings, and will make every effort to attend as many meetings as possible.

Director Becker and his staff have given us full cooperation in every aspect of our investigation. Mr. Becker impresses us as a man of integrity and dedication. Under his direction the HRC staff has a tremendous work load with efficiency despite an inadequate budget. In response to community pressures, the Board of Supervisors have added new areas of responsibility to the enabling ordinance, without unfortunately, providing the HRC with enough additional staff or funds to meet these expanded responsibilities. This Committee feels that the HRC Staff deserves recognition for their fine work performed with proficiency under less than ideal conditions.

Joseph Vaultz

Mrs. Deborah Goldstein, Chariman

## CITY ATTORNEY

The office of the City Attorney is located in the City Hall on the second floor in Room 206. Duties of the City Attorney of a metropolitan city such as San Francisco, are varied and demanding and the Grand Jury commends the City Attorney, Thomas M. O'Connor and the members of his staff, for the dedicated manner in which, under very adverse conditions, they are discharging their duties and responsibilities to the community.

The City Attorney provides much of the legal services for the San Francisco Unified School District and the Community College District as well as for the Port of San Francisco, the Public Utilities Commission, the Municipal Railway and the Board of Supervisors. This, together with the additional work that is done for all of the other City & County offices, is tremendous. Members of the staff are forced to double up in small offices, badly lighted and poorly ventilated. The library, presided over by a very capable staff, has long ago run out of adequate space. Office and clerical personnel are cramped into small areas, and storage for legal documents and important papers is nonexistent.

The legal services rendered by the City Attorney's office to the Board of Supervisors, in any one year, is enough to tax a private legal firm of equivalent size. The Grand Jury has been privileged in working with members of the City Attorney's office in obtaining clarification of certain conflict of interest charges against members of some of the commissions of the City & County of San Francisco. The Grand Jury also had the services of the City Attorney's office in a suit brought by the Sheriff's Department in the U.S. District Court. All such legal matters submitted to the City Attorney's office by the Grand Jury were taken care of in a most satisfactory manner. However, several committees of the Grand Jury found fault with the manner in which the City Attorney's Office handled matters under their jurisdiction.

This committee recommends that the Mayor and the Board of Supervisors approve the employment of additional deputy city attorneys and stenographers together with adequate support facilities for these positions. It further recommends that adequate and realistic budgets be provided for the City Attorney's office so it can continue to discharge its duties and responsibilities to the community in the dedicated manner that it has in the past.



## DISTRICT ATTORNEY

In preparing a report of the Office of the District Attorney this Committee reviewed the reports of the 1972 and 1973 Grand Juries and find there has been no great improvement or response to the recommendations made in regard to the District Attorney's office by these two Grand Juries. The 1974-1975 Grand Jury Committee for the District Attorney's Office has found basically the same inadequacies continuing in the office of the District Attorney.

There has been criticism of the non-participation in court cases by the present District Attorney, John J. Ferdon. Mr. Ferdon has assembled and supervises a very capable and efficient staff of attorneys and investigators and clerical help. This Committee has found them to be highly skilled in their work, but handicapped in final performance due to the fact that there are not enough people available under the current budget to meet the demands and many people must double up in other capacities. The story is no different in the office of the District Attorney than in many other departments which the Grand Jury has investigated and during which it has been found that the people are grossly overworked, underpaid and forced to do their work under the most trying conditions imaginable. In the District Attorney's office it was found that the office was understaffed in attorneys, clerical help and investigators and we recommend that an adequate budget be provided for the investigative division, including travel, telephone equipment and office facilities appropriate to investigative needs. Stenographic and clerical assistance should be employed in sufficient numbers to provide an efficient support staff to the Assistant District Attorneys. The office budget should be increased to provide adequate supplies and materials, and office equipment, all of which should be furnished on a level required by a competent law firm. The department is budgeted at a level below that necessary to conduct the ordinary business of a present day law office.

As previously stated, the 1972 and 1973 Grand Jury reports reflected a number of recommendations which at this stage have not been implemented. This Committee of the 1974-1975 Grand Jury has found the same problems still exist in the District Attorney's office, and we strongly recommend that an increase in budget for additional personnel, materials, space and equipment be allowed the District Attorney's office so that it may function properly and maintain its high standard of excellence in discharging its responsibility to the people of San Francisco.

## PUBLIC DEFENDER

The Office of Public Defender had been ably led by Edward E. Mancuso who retired in 1974 after 21½ years of dedicated service with the City and County of San Francisco. The office was then placed under the control and direction of Robert Nicco, who was the assistant Public Defender at that time, and who was subsequently elected to the office in the November 1974 elections. The new Public Defender displays a real concern about his office and the people he represents.

The Public Defender's office was created 51 years ago in San Francisco and as staffed today cannot meet the purposes for which it was created. Mr. Nicco has searched with great diligence from all areas for both clerical and financial assistance from state and federal grants and funds and he has done an outstanding job in obtaining help, in consequence of which he has been able to submit a budget at a level below that necessary to conduct the ordinary business of a law office.

Morale is high among all his staff and considerable hope is apparent throughout the office that things are on the up trend and that they will be able to provide competent and capable legal services to the indigent accused.

In November of 1974, the San Francisco Bar Association impaneled a special committee to make a study of the office of the San Francisco Public Defender. This study was made with the complete cooperation of Mr. Nicco and his staff. This report and study having been made by people in the legal profession and being from an independent source is recommended reading to the Mayor and the Board of Supervisors for their study and consideration by this Committee. The Committee feels that all recommendations and findings in this report are in accord with this Committee's study.

Another recommendation is that the Mayor and his office assist the Public Defender in finding all state and federal grant funds available for his office.

It is further recommended that a Committee of five be appointed, composed of a representative from each of the three major offices which handle the legal requirements of the City & County, namely, the Public Defender's Office, the District Attorney's Office and the City Attorney's Office, together with one from the Superior Courts and one from the Municipal Courts. The function of the committee should be to discuss problems which are common to the departments involved, and a study should be made of the possibility of setting up one purchasing department which would be empowered to make all purchases for these departments.



PUBLIC DEFENDER (Continued)

It has been brought to the attention of this Grand Jury Committee that a small thing like legal sized scratch pads have run out and the employees of the different departments have had to purchase this material on their own. Since the legal departments use different types of stationery, supplies, typewriters and other equipment and they now have a budget for the purchase of these goods from Central Supply, it is suggested that this budget could be used to set up their own special supply department.

Mrs. Elizabeth Spencer Pfau

Mrs. Jo L. Brown

G.H.P. Alferitz, Jr., Chairman

## DEPARTMENT OF CITY PLANNING

The San Francisco Charter was amended by a vote of the electorate in 1913 which provided for the establishment of a City Planning Commission. On December 28, 1917, Mayor James Rolph appointed the members of the first City Planning Commission which adopted the City's first zoning ordinance in September 1921. Initially, the Commission had no staff of its own and relied on the services of personnel in the Department of Public Works.

The electorate in 1929 authorized the City Planning Commission to appoint a "City Planning Engineer--and such other employees as necessary for its work". By 1940, however, the staff of the Commission was still limited to a secretary, a draftsman and a stenographer. In 1941, the Commission's budget was augmented for the employment of a professional city planner on a part-time consulting basis and a staff of seven employees. In 1942, the first full time Director of Planning was appointed and the staff was increased to sixteen members. The first Master Plan was adopted in 1945, and a completely new zoning ordinance was adopted in 1960. Since that time, both the Master Plan and the Zoning Ordinance have continually been revised and updated and the Department has been given increasing responsibility in other areas. The Department now has a permanent staff of sixty-eight employees.

The present complement for this Department is as follows:

	Permanent	Temporary
	Personnel	(Personnel available because of Federal money)
Director of Planning	1	--
Assistant Directors	3	--
Planner V	3	--
Planner IV	7	1
Planner III	12	2
Planner II	17	1
Planner I	4	1
Environmental Review Officer	1	--
Commission Secretary	1	--
Jr. Management Assistant	1	--
Draftsmen	6	1
Clerical	12	4

DEPARTMENT OF CITY PLANNING (continued)

City Planning Coordinator	<u>0</u>	<u>3</u>
(Grand Total 81)	68 permanent	13 temporary

Some of these personnel perform in a dual capacity at times doing clerical, research, development and presentation work in various combinations for various projects when necessary.

Five members of the City Planning Commission are appointed by the Mayor to serve terms of 4 years. They are:

Walter S. Newman, President  
Mrs. Charles B. Porter, Vice President  
Mortimer Fleishhacker Jr., Commissioner  
John Ritchie, Commissioner  
Hector E. Rueda, Commissioner

Two members serve in an ex-officio capacity and may name alternates. They are:

Chief Administrative Officer, Thomas J. Mellon  
Alternate, Thomas G. Miller

Manager of Public Utilities, John D. Crowley  
Alternate, James J. Finn

The Commission appoints a Director and Secretary who are:

Dean L. Macris, Director of Planning  
Lynn E. Pio, Administrative Secretary

Their function generally is to hold regular open meetings/hearings at City Hall or at other pre-selected places to conduct the business as outlined on a posted pre-meeting agenda which is also mailed to individuals on the Department's regular mailing list. Concerned or involved principals can present their cases or register complaints or objections at these meetings and may request to have certain requirements waived, modified or amended or continued to meet established and approved criteria. After a public hearing, action is voted on by the Commissioners. In some cases, principals have gone to the courts for redress on a particular issue where the courts have upheld, or modified the action of the Planning Commission.

A good example of what can happen when a small group persists in objecting to a plan approved by the Planning Commission and Redevelopment Agency is the Yerba Buena Project. Court action delayed the construction start of this project for over 4 years and only resulted in minor changes from the original plan - but cost the City millions of dollars in increased costs because of inflation, loss of revenue,



## DEPARTMENT OF CITY PLANNING (continued)

tax generation from sales and services, loss of jobs, taxes and other related benefits, etc., and now the cost limit forces elimination of features originally included in the initial design and specifications to be altered. This type of action overloads the Planning Commission Staff with additional and revised planning, research, re-evaluation and review which requires additional staffing to just carry on its normal required functions.

Another factor is that the Planning Commission unnoticeably assumes and becomes obligated to perform additional duties and assignments and has had difficulty in obtaining and holding on to qualified personnel. From information presented to this Committee, it appears that the salaries paid for comparable and identical positions throughout the State are higher than those paid here. As a result, records show that applicants apply for Planner I, II, III, IV and after acquiring sufficient experience, some apply for positions elsewhere, and as a result leave the City payroll. For this group, the end result is that the Planning Commission is conducting a vocational/professional training program; and after a trainee improves his qualifications by working in the Department, the City loses its investment in him when he transfers to another job. It appears that the Board of Supervisors fails to recognize this fact and are reluctant to consider wage adjustments; and the few jobs involved do not have the weight to force such consideration.

This Committee recommends that the salary structure of the Planning Commission be evaluated or re-evaluated taking into consideration all factors such as and including salaries and fringe benefits paid by other City and County competitors in this category and that the local salaries then be rectified accordingly.

This Committee feels that the efficiency of the Planning Commission can be noticeably improved in personnel and facilities by making some changes. The principal headquarters of this Department are unsatisfactory as to size, type of building, facilities and location. They occupy three quarters - all physically separated - which in itself contributes to loss of efficiency because of required mobility, transportation, communications, plus the transportation of documents by vehicle - which in turn creates parking and other related problems. The present arrangement is not compatible for this field type of investigating/survey operation.

There is an apparent overlap of function by and between the City Planning Department and the Bureau of Building Inspection. This Committee recommends that the assignment of each be reviewed and if possible combine both of these Departments into one - but still maintain the present standards applicable and required by the Building and Planning Codes.



## DEPARTMENT OF CITY PLANNING (continued)

This Committee also recommends - based on observations and comments made by responsible Department spokesmen to some Committees of the Grand Jury - that the Planning Commission assist the Chief Administrative Officer and the Real Estate Department in undertaking a study of the existing office and administrative facilities being used by the City on a rental basis, and develop a square footage requirement for an office/administration complex to be built in the City Hall area to house permanent City mandated and required facilities with consideration for expanded future demand including parking facilities. Such a complex should contribute to overall increased performance efficiency lower operating costs, convenience and utilization of equipment and personnel such as copy reproduction and clerical pools without increasing the work load on those involved.

The total rentals paid out by the City for space occupied from July 1, 1970 thru June 30, 1974 is as follows:

1970-71	1971-72	1972-73	1973-74
\$1,190,247	\$1,419,965	\$1,607,528	\$1,853,375

The total rental breakdown from July 1, 1974 thru February 28, 1975 is as follows:

<u>Department</u>	<u>Area occupied</u>	<u># of leases</u>	<u>Annual rental</u>
Mayor's Office	32,888 sq. ft.	10	\$142,044.00
Library	14,645	6	41,115.00
Social Services	151,900	4	610,800.00
Public Health	192,841	45	438,096.00
FACE	5,200	3	19,746.00
Public Works	24,492	2	112,356.00
S.F.U.S.D.	203,039	38	355,122.84
Community College Dist.	202,093	50	261,564.00
Various	81,042	23	286,014.00
TOTALS	937,140	181	\$2,266,857.84 (8 months)

The rentals listed above would amortize the cost of such a complex while acquiring some asset for the City with a more favorable environment.

### REVENUE - BUDGET

The Department of City Planning has been receiving certain grants from the State and Federal Government for Special Studies as follows:

1974 Condition of Housing Survey	\$46,000.00
----------------------------------	-------------

DEPARTMENT OF CITY PLANNING (continued)

Commerce and Industry Study of S.F.	45,000.00
1973 Housing Vacancy Survey	50,000.00
1972	0
1971	0

Fees Collected by the Department of City Planning:

1971-72	\$ 6,200.00
1972-73	9,275.00
1973-74	\$24,650.00
July 1, 1974 thru December 31, 1974	\$15,939.00 (6 months)

The Budget for the Department of City Planning for:

1971-72	\$1,113,113.00
1972-73	1,182,665.00
1973-74	1,394,932.00
1974-75	1,446,667.00

The increase in revenues can be attributed to a new fee schedule recently enacted by the Board of Supervisors and to the rapid increase in environmental review applications. The budget figures show an increasing cost trend which can mainly be attributed to inflation.

The responsibilities of the Department of City Planning include the following: enforce zoning regulations, make environmental impact reports, require compliance with the current master plan, building codes, variances and height and bulk controls, building density, open space, seismic safety, etc. as covered by Sections 3.520-3.529 and 7.500-7.503 of the City Charter.

This Department has handled the following numbers of cases in the past three fiscal years:

	<u>1973-74</u>	<u>1972-73</u>	<u>1971-72</u>
City Planning Commission			
Regular and Special Meetings	54	49	58
Planning Code Cases			
Zone Changes	15	31	25

DEPARTMENT OF CITY PLANNING (continued)

Conditional Uses	80	62	60
Setbacks	0	0	1
Text Amendments	2	4	2
Master Plan Referrals (including subdivisions)	98	83	72
Zoning Administration			
Variances	48	47	61
Building Applications	7,728	4,304	3,698
Sign Applications	1,698	1,249	1,639
Miscellaneous Permits	1,141	1,154	1,052
Enforcement Cases	397	460	325
Environmental Review			
Initial Evaluations	336	258	0
Environmental Impact Reports	14	15	0
Landmarks Board Cases	13	9	10

It is the opinion of this Committee that the staff of the Department of City Planning is fulfilling its responsibility as intended professionally - under less than ideal conditions.

This Committee is aware that similar recommendations have been made by other Grand Jury reports which to date appear to have been exercises in futility because of the responsible administration's failure to give appropriate consideration to the recommendations previously presented.

George P. Hoerr

Perry Liebman

Albert A. Biagini, Chairman



## PARKING AUTHORITY

This report lists compilations from 1970 through 1974 to simplify comparisons and observe trends.

The original San Francisco parking operation was approved by the voters on a Bond Issue in 1939, at which time the Union Square Garage was taken over by the City through authorization of "Administrative Code, Section 1701, and subsequent sections of Ordinance 9072 - File #12,883, Series of 1939" and also by "Resolution #9126 - Series of 1939 as modified by the Board of Supervisors on November 21, 1949".

The San Francisco Parking Authority was established in 1949 and took over the original parking operation thru enabling legislation passed in Sacramento, permitting local Boards of Supervisors to establish a Parking Authority.

It is presently comprised of five (5) members, appointed by the Mayor to serve terms of four (4) years. The present members are: Donald Magnin, Chairman; Jack Dwyer, Francisco H. Louie, Michael J. McFadden, M. D. and Achille Muschi.

The full time staff of three (3) includes Mr. Arthur S. Becker, Director for 15 years; Miss Helen Ellis with 25 years service and Mrs. Joan Chan with 7 years service. Their office is located at 450 McAllister Street, Room 603.

The total budget for this department for 1974-75 is projected at \$57,000, which includes all the wage and fringe increases recently approved.

The Parking Authority has jurisdiction over nine (9) multi-level garages/plazas and twenty-two (22) neighborhood facilities totaling more than 9,736 stalls, plus 586 metered stalls in outer neighborhood lots, for a total of 10,322 stalls, (breakdown on attached sheets). The total investment based on time of purchase is approximately \$50,000,000, but at today's prices is probably worth in excess of three times the original cost.

The total annual revenue derived from its operation nets the City approximately \$8,000,000 from the rental/leases and meter collection and an additional \$9,000,000 collected by the Municipal Court Traffic Fines Division for overtime or other parking violations. The combined revenue to the City is in excess of \$16,000,000 annually. This revenue goes into the general fund except for \$938,000 from the "On Street" parking meters that goes into the "Off Street Parking Fund",



## PARKING AUTHORITY (continued)

which was established in 1954 and is used to purchase off-street parking sites, surface and install meters in various neighborhoods. All lots have been purchased on a "pay as you go" basis.

Within fifteen (15) years, some of the garages/plazas will be completely paid off and the City should realize a windfall of revenue or profit from this operation on the present managerial or lessee/contract basis (Union Square Garage was completely paid off in 1961).

The Parking Authority enjoys a very favorable rapport with other City Departments in performing its function whenever it is called upon for assistance. The Parking Authority, upon conclusion of studies, makes recommendations to the Board of Supervisors when necessary for parking sites, acquisition of land, meter and parking rates, becomes heavily involved with construction and design, evaluates the productivity of meters, is heavily involved with leases, contracts and parking facility operations, etc.

For example, technical and traffic surveys are done by the Department of Public Works Engineering Section; all legal requirements on leases, contracts, land acquisition are approved by the City Attorney's office; the installation, removal and relocation of parking meters is done by the Department of Public Works; the maintenance of all parking meters is done by the Department of Electricity; the Director of Property & Real Estate Department assist in the procurement of land at a fair price; the Planning Commission becomes involved in the environmental impact of a proposed site; the coin collection of all on and off-street meters is done by the Tax Collector's staff; the Police Department is responsible for enforcement of overtime parking violations and issuing citations.

The revenue to the City is obtained by rental/leases from Union Square, Marshall Square, Civic Center Auto Park, St. Mary's Square, 7th & Harrison and Vallejo Street. These facilities are either owned or being purchased by the City and leased out to private operators who pay monthly rent at a fixed amount, or a percentage of gross income plus monthly payments to amortize the Bonds.

The following garages were constructed through the use of non-profit corporations, with City and private funds. The City leases the land and structure to the non-profit corporation for a period of fifty (50) years or until the total debt is retired, whichever comes sooner -- rental is 100% of net revenue, to be applied to accelerated debt retirement. These garages are operated by private operators for the non-profit corporation, who receive a management fee; Civic Center Plaza Garage, Ellis-O'Farrell Garage, Fifth & Mission Garage, Golden Gateway Garage, Japanese Cultural Center Garages, Portsmouth Square Garage, Sutter-Stockton Garage. The Sutter-Stockton facility is being expanded to increase its capacity stalls by 500 stalls for a total of

PARKING AUTHORITY (continued)

1370.

The Parking Authority does not have jurisdiction or control over the parking meters on the Embarcadero and Fisherman's Wharf. These meters are installed and maintained by the Port Commission and it acquires all revenues therefrom.

The parking facility at Candlestick Park was developed with the assistance of the Parking Authority and now has been turned over to the Park & Recreation Department, which collects all revenues.

The parking facilities at the San Francisco International Airport, both garage and meters, are under the jurisdiction of the Airports Commission, which collects all revenue and rents.

In addition, to the revenue collected from the parking meters and rental/leases, the City, through the Municipal Court Traffic Fines Division, because of overtime parking and traffic violations, has collected:

\$6,056,328 for 1970 - Calendar year		
7,333,792 for 1971	"	"
7,989,769 for 1972	"	"
9,601,099 for 1973	"	"
8,280,154 for 1974	"	"

Several of the reasons for a drop in revenue for 1974 are that some warrant activity has not yet been completed, which will show an increase; the relaxing of issuance of citations because of the energy shortage and less violations; and the change-over to computer processing presently underway.

The foresight and good judgment of the Parking Authority from its inception, proven by past experience to date - has contributed significantly to the economic health of the City through tax generation from sales, jobs, taxes, attracting businesses, etc., which in turn contributes to development of other fringe benefits.

It is the opinion of this committee that the staff and members of the Parking Authority are to be commended for the work they have been doing over the years without any recognition by the public.



NOTES: All figure are to the full dollar.

1. All debts of the Union Square Garage Corporation have been retired and effective August 31, 1961, it assigned all of its interests in the management and occupancy agreement to the City. A new operating lease was executed between the City and a private garage operator for a period of ten (10) years and nine (9) months, commencing October 1, 1967.
  2. The Ellis-O'Farrell Garage was privately financed and operated until July 20, 1965, at which time it was acquired by the City.
  3. The Fifth & Mission Garage facilities were expanded twice since the original opening on August 28, 1958, with 938 stalls at a total cost of \$4,657,667.00. The first expansion was completed on November 21, 1961 with an additional 534 stalls at a cost of \$1,000,000.00. The second expansion was completed on February 6, 1970, with an additional 316 stalls at a cost of \$1,446,800.00. The present total cost of this facility stands at \$7,104,467.00 with 1,788 stalls.
  4. The total includes the cost of meters installed July 1974 at a cost of \$70,310.00.
  5. The land for the 7th & Harrison Garage was acquired from the State on a lease-type arrangement on the Freeway right-of-way and no cost figures were available at this time.
  6. In the case of the Civic Center Plaza Garage, Ellis-O'Farrell Garage, Fifth & Mission Garage, Golden Gateway Garage, Japanese Cultural Center Garage and Sutter-Stockton Garage, under the contract, the rent payable to the City annually is an amount equal to 100% of net income after the payment of operating costs and debt service charges. Portsmouth Square Garage pays 103% of its net income after expenses.
- |  |  |  |
|--|--|--|
| A-1 SAVOY AUTO PARKS & GARAGES, INC.   | A-5 JACKSON SQUARE GARAGES, INC.                 | JACKSON SQUARE GARAGES, INC.                 |
| A-2 S. E. ONORATO, INC.                | A-6 ALCOA DIVISION - I. T. T. SERVICE INDUSTRIES | ALCOA DIVISION - I. T. T. SERVICE INDUSTRIES |
| A-3 SYSTEMS AUTO PARKS & GARAGES, INC. | A-7 NATIONAL - BRAEMER, INC.                     | NATIONAL - BRAEMER, INC.                     |
| A-4 LARRY BARRET, INC.                 | A-8 ALLRIGHT AUTO PARKS, INC.                    | ALLRIGHT AUTO PARKS, INC.                    |
| PR PRIVATE OPERATOR                    | R/L RENTAL/LEASE                                 | R/L RENTAL/LEASE                             |
| SP SELF PARK                           | N.P.C. Non Profit Corporation                    | N.P.C. Non Profit Corporation                |
| AP ATTENDANT PARKING                   |  |  |
- (a) No revenue received.  
 (b) Paid on account of 1971 - 1972.  
 (c) Revenue received and applied to rent for (1970-71), (1971-72), (1972-73), (1973 to April 20, 1974) as indicated by receipts from the Department of Real Estate.

	N O T E	COMPLETED	TOTAL PROJECT COST INCL. LAND	STALL CAPACITY	G R O S S I N C O M E			
					1970-71	1971-72	1972-73	1973-74
PARKING PLAZAS/GARAGES								
UNION SQUARE	1	9/11/42	\$1,646,331	1,081	1,247,300	1,379,908	1,540,061	1,579,197
MARSHALL SQUARE		11/1/48	-0-	111	52,083	47,544	56,183	54,863
CIVIC CENTER AUTO PARK		12/18/53	31,000	276	125,708	101,315	144,177	156,725
ST. MARY'S SQUARE		5/12/53	2,717,513	828	944,327	844,097	939,763	978,861
FOREST HILL		7/ 1/57	-0-	20	804	804	804	804
ELLIS-O'FARRELL	2	8/ 5/57	2,800,000	900	753,250	740,765	819,814	847,514
FIFTH & MISSION	3	8/28/58	7,104,467	1,788	869,878	751,890	864,053	816,056
CIVIC CENTER PLAZA		3/ 1/60	4,298,822	840	435,427	437,104	498,751	527,712
SUTTER-STOCKTON		11/19/60	6,502,246	870	838,959	846,811	890,809	897,512
PORTSMOUTH SQUARE		8/24/62	3,181,500	504	615,093	606,261	664,430	673,246
GOLDEN GATEWAY		12/21/66	7,225,000	1,000	796,072	869,574	1,090,403	1,022,958
JAPANESE CULTURAL CENTER		2/16/68	4,006,640	850	135,152	167,405	173,136	186,254
7TH & HARRISON	5	4/ 1/58		277	33,693	31,724	39,111	45,217
VALLEJO STREET		12/15/69	874,645	163	67,435	80,657	95,180	116,375
MISSION - BARTLETT	4	7/30/53	645,300	228	45,292	43,631	58,600	23,354
TOTALS			41,033,964	9,736	\$6,961,779	\$6,949,555	\$7,816,132	\$7,943,455

NOTES: All figures are to the full dollar.



PARKING PLAZAS GARAGES	RENTS PAID TO THE CITY					VEHICLES PARKED				
	1970-71	1971-72	1972-73	1973-74	1970-71	1971-72	1972-73	1973-74	1970-71	1971-72
UNION SQUARE	\$629,344	636,572	682,901	675,688	855,582	873,038	927,263	903,616	903,616	903,616
MARSHALL SQUARE	33,200	31,340	37,081	36,869	49,998	44,697	44,143	39,742	39,742	39,742
CIVIC CENTER AUTO PARK	108,055	86,676	101,993	110,715	123,132	103,842	132,370	143,155	143,155	143,155
ST. MARY'S SQUARE	40,945	37,885	41,134	41,317	361,311	333,497	362,121	358,474	358,474	358,474
FOREST HILL	804	804	804	804	22,950	22,950	22,950	22,950	22,950	22,950
ELLIS-O'FARRELL (NOTE 6)					450,905	455,108	482,148	482,220	482,220	482,220
FIFTH & MISSION	" "				1,266,244	1,214,386	1,287,788	1,259,700	1,259,700	1,259,700
CIVIC CENTER PLAZA	" "				438,662	428,791	473,161	449,861	449,861	449,861
SUTTER-STOCKTON	" "				779,125	792,520	819,376	820,298	820,298	820,298
PORTSMOUTH SQUARE	" "				603,896	623,969	654,965	624,569	624,569	624,569
GOLDEN GATEWAY	" "				340,260	366,934	432,215	420,824	420,824	420,824
JAPANESE CULTURAL CENTER	" "				122,570	155,106	168,806	166,277	166,277	166,277
7TH & HARRISON	23,821	22,471	27,510	39,411	101,143	101,753	127,766	162,759	162,759	162,759
VALLEJO STREET	42,927	50,376	58,696	52,357	101,689	137,259	165,183	183,443	183,443	183,443
MISSION - BARTLETT	24,005	(23,237)	(16,000)	(40,093)	190,309	185,943	not available	not available	not available	not available
TOTALS	903,104	889,363	956,160	997,257	5,807,774	5,839,793	6,100,255	6,037,883	6,037,883	6,037,883

PARKING PLAZAS/GARAGES	H O U R L Y P A R K I N G R A T E S								24 HR. MAX.	MONTH. RATE	CPERA- TION	CONT. TYPE	LESSEE OPERATOR	
	1/2	1	2	3	4	5	6	7						8
UNION SQUARE		.40	.70	1.15	1.55	1.95	2.30	2.70	3.10	3.30	52.25	PR/SP	R/L	A-1
MARSHALL SQUARE		.25	.55	.85	1.10	1.40	1.65	---	---	1.65	24.75	PR/SP	R/L	A-5
CIVIC CENTER AUTO PARK		.25	.55	.85	1.10	1.40	1.65	---	---	1.65	24.75	PR/SP	R/L	A-6
ST. MARY'S SQUARE	.65	1.30	2.60	3.85	---	---	---	---	---	3.85	55.00	PR/AP	R/L	A-2
ELLIS-O'FARRELL		.40	.75	1.15	1.55	1.95	2.30	2.70	2.75	2.75	33.50	PR/AP	N.P.C.	A-1
FIFTH & MISSION		.15	.35	.55	.85	1.10	1.40	1.65	1.95	2.20	30.25	PR/SP	N.P.C.	A-2
CIVIC CENTER PLAZA		.25	.55	.85	1.10	1.40	1.65	1.95	---	1.95	30.25	PR/SP	N.P.C.	A-3
SUTTER STOCKTON		.25	.55	.85	1.20	1.60	2.00	2.40	2.80	3.30	41.25	FR/SP	N.P.C.	A-3
PORTSMOUTH SQUARE		.30	.55	.95	1.30	1.70	2.10	2.50	2.85	3.25	41.25	PR/SP	N.P.C.	A-2
GOLDEN GATEWAY		.55	.95	1.30	1.70	2.10	2.50	2.75	---	2.75	46.75	PR/SP	N.P.C.	A-1
JAPANESE CULTURAL CENTER		.40	.65	.95	1.20	1.50	1.75	2.05	2.20	2.20	33.00	PR/SP	N.P.C.	A-7
7TH & HARRISON		.25	.25	.50	.50	.75	.75	---	---	---	12.50	FR/SP	R/L	A-3
VALLEJO STREET	DAYS NIGHTS	.10 .55	.35 1.10	.60 1.65	.90 2.20	1.20 2.75	1.50 ---	2.00 ---	---	2.50 2.75	30.00	PR/SP	R/L	A-4



## COMMISSION ON THE AGING

The Commission on the Aging (COA) was created in 1972, which makes it a relatively new commission. Under the Ordinance provision, the Commission has been given the power and duty to develop broad policy goals in dealing with the problems of the aged within the City and County; to receive and disburse funds from both public and private sources for programs related to the aged; to direct the preparation and dissemination of educational and informational material in areas such as housing, medical care, recreation, transportation, referral services and the like; to ascertain, study and analyze all facts relating to the economic, health, and social needs of the elderly; to promote unity of interest of senior citizens with other segments of the population such as youth, labor and ethnic groups; and to act as the area planning agency responsible for comprehensive area-wide planning and program implementation.

The COA is designated by the State Office on Aging as the Area Agency on Aging (AAA) for the purpose of receiving federal funds under Title III of the Older Americans Act. The Commission is responsible for developing an Area Plan including program implementation, which must be approved by the State Office on Aging before any funds are released. Since the COA was designated as the AAA there has been considerable controversy about how the funds were to be spent. The Commissioners were not well informed as to the intentions of the Area Plan, and they did not have the benefit of a qualified executive on their staff to give them a clear understanding of how Title III funds are supposed to be used. The COA lacked leadership, and had little credibility with the community. The State Office on Aging did, in fact, refuse to release any federal funds during 1974 because the COA was not in compliance with the Area Plan.

In recent months, however, members of the Commission attended a workshop with the State Office on Aging pertaining to their role as the Area Agency on Aging. Basically, the funds approved in the Area Plan are for coordinating, planning and pooling of resources. Since San Francisco has an extremely high percentage of senior citizens (approximately 140,000), an important function of the COA and staff will be implementation of a comprehensive information and referral service for the elderly. The Commission recognizes this need and has made it a priority in their objectives under the Area Plan.

The Commission on the Aging has been operating with a skeleton staff and budget since its inception. The budget request for fiscal year 1975-76 showed a substantial increase, including additional staff and equipment which are necessary for the COA to become fully operational

## COMMISSION ON THE AGING (Continued)

and to be in compliance with the staffing pattern in the Area Plan.

The staff of the Commission on the Aging is currently occupying space in City Hall that is hopelessly inadequate. The area is so cramped there is barely enough room to walk around, let alone space for a senior citizen to sit down for a few minutes while requesting information. The staff anticipates moving into new offices in the Grant Building at 1095 Market Street in the near future, which should improve the situation considerably.

In March of this year the Commission finally hired a well qualified Executive Director, Mr. W. Patrick Magee. In a very short time Mr. Magee has gained support from many of the senior organizations. He has demonstrated a sincere desire to serve the elderly, and to get in touch with their immediate needs. We applaud his efforts.

This Committee feels that the Commission on the Aging is taking steps in the right direction to remedy many of the problems it has encountered. It is important for the Commission to be responsive to the entire senior community. Indeed, to be effective the Commission needs the support and trust of the seniors. To gain this support, this Committee recommends that the COA vigorously pursue the goals set forth in the Area Plan, which are also compatible with the mandates of the Ordinance.

The Senior Citizens of San Francisco have made it quite clear that they will not stand for, much less support, self-serving individuals offering empty promises. This Committee feels that the new administration of the Commission on the Aging and its staff has the potential to provide the type of leadership seniors have been demanding. With support, the COA can then initiate the changes necessary to bring members of the senior community the services they desperately need and deserve.

Joseph Vaultz

Deborah Goldstein, Chairman



SPECIAL REPORT

ON

SUNOL VALLEY GOLF COURSE

INTRODUCTION

The following Sequence of Events is a summary of the most relevant testimony from hearings of the Public Utilities Committee of the 1974-75 San Francisco Investigatory Grand Jury.

The conclusions as to events and causation have been drawn from:

Documents of the City & County of San Francisco.  
Documents and testimony of Committee witnesses.  
The transcripts and exhibits from the trial of the City & County of San Francisco v. James Tony Romano.  
Minor specialized data from government agencies, the media, etc.

The Grand Jury did not have access to testimony or documents from any other Grand Jury investigations at county or Federal level.

The witnesses called before the Committee were:

John Brucato (2)	James Maderios
Tony Romano (2)	Arthur Pretzler
Bennie Barrish	Peter Helms
William Dorsey	Milt Brown
Vernon Kaufman	A. E. Frye
Max E. Johnson	Carlos Luna
Frank O. Ivaldi (2)	Rene Choteau
Niels Nielsen * (2)	David Kroopnick
Barbara Barnato	Harold Guetersloh
Richard Tipton	James Brasil
Raymond Brugger	John C. Farrell
James Muniz	Joseph P. Byrne
Pietro Denevi	James Fratianno **
Robert Lee	Kathy Gonzalez
Daniel Barboni	William F. Bourne
Reed Porter	H. Welton Flynn
Abe Chapman	John M. Christensen, Jr.
Sue Hoaglund	Dianne Feinstein
Roseann Gutterez	John D. Crowley
Leonard Gross	Joseph L. Alioto

## SUNOL VALLEY GOLF COURSE (Continued)

( ) denotes multiple appearances.

\* denotes subpoenaed witness.

\*\* denotes subpoenaed & refused to testify.

### SEQUENCE OF EVENTS

#### The Public Utilities Commission

The Public Utilities Commission, in January 1974, consisted of five commissioner positions:

H. Welton Flynn, President  
Joseph P. Byrne, Vice-President  
Henry E. Berman  
Joseph J. Diviny  
one vacancy

The duties of the Commission are generally to control all public utilities within the City and County except the Airport, and to appoint a manager of utilities who holds office at the pleasure of the Commission.

#### The Public Utilities Commission Staff (referred to herein as PUC Staff)

The PUC Staff is administrative head of the departments, including the Municipal Railway, the Water Department, and Hetch Hetchy. Its authority comes from the Public Utilities Commission itself, PUC Staff officers in January 1974 were:

John D. Crowley, General Manager of Public Utilities  
John M. Christensen, Jr., Asst. General Manager Finance  
John C. Farrell, Sect'y, & Asst. General Manager Admin.

#### The Sunol Valley Golf Course

The Course is situated on "watershed" property belonging to the City of San Francisco, and located in Alameda County. It is part of the Sunol Valley properties that are managed under limited use leases by the Water Department.

## SUNOL VALLEY GOLF COURSE (Continued)

PUC Committee of the Grand Jury has developed the following sequence of events at Sunol, and the actions of individuals involved are as follows:

### May 1970 - December 1973

In May 1970, Mr. Frank O. Ivaldi, and Hawaii San Francisco Investment Co. (both general partners) and a group of 30-40 limited partners held the lease to the Sunol Valley Golf Course. Their partnership was the Sunol Valley Golf & Recreation Company.

As of early 1970, they had a remaining 31 years on a lease with rental terms of:

minimum \$1,000 per month

or

10% of golf fees and 8-1/4% of other revenue, whichever higher.

Their lease and amendments included the following significant provisions, among others:

### Provision No.

5. Periodic Payments: "Lessee shall pay, on or before the 20th of each month, for the preceding month, the minimum monthly cash rental... or the percentage of its monthly gross revenues... whichever is greater."

Each payment is to be accompanied by a detailed breakdown of revenues.

Shall "keep separate and accurate daily records of gross revenue, as herein defined, showing in detail all business done or transacted..."

Before the 31st day of March in each year, "Lessee shall deliver to City a statement, signed by a responsible accounting officer of Lessee, and audited by an independent Certified Public Accountant...with the certification...attached thereto."



SUNOL VALLEY GOLF COURSE (Continued)

6        Periodic Investigations

"At a fair and reasonable cost and expense to Lessee, and when requested to do so by City, Lessee shall furnish City with an independent investigator's report, by an investigator of the City's own choosing, of the performance of Lessee and its agents or employees under terms of this Lease.

8        Lessee promises to pay all taxes and assesemnts promptly and suffer no liens to be imposed without prompt discharge.

16       Assignment or Subletting must have the written permission of the Public Utilities Commission.

"Lessee further agrees that if within three (3) years from the date of execution of this amendment to lease (up until April 1972), any general partner of Lessee sells, conveys, assigns, or transfers, or contracts to sell, convey, assign or transfer, in whole or in part, his or its general partnership interest in the Lessee company, Lessee agrees that City shall consider said partner as still bound by any liability arising or accruing hereunder and that such a sale, conveyance, assignment or transfer may, at the option of City, constitute sufficient grounds for the termination of this Lease..."

23       Faithful Performance Bonds Requirement of a \$100,000 bond during construction of improvements and \$50,000 minimum performance bond "to insure faithful performance by Lessee of all covenants, terms and conditions of this lease..."

23       Default Provisions Giving the City wide latitude to declare default and remedy-by cancellation and suit for damages, continuation of lease and suit for damages, or reletting premises with Lessee still liable.

SUNOL VALLEY GOLF COURSE (Continued)

48      Remedies on Default

"City may, at its option, terminate this lease in the event of default by Lessee in the payment of any indebtedness or loan..."

This lease and amendments were, as far as has been determined, correctly drawn documents in which the City's position was fully protected.

The Lessee, between 1968 and 1970, had invested as much as \$2.5 million dollars in time, materials, or cash to develop the 280 acre lease at Sunol, with lighted golf facilities and a clubhouse. In addition, they maintained 333 acres of PUC land under revocable permit (short-term rights).

Beginning in 1970, the SVG & Rec Co. began to drop behind in rental payments. After averaging approximately \$100,000 per year in rental payments in 1968 and 1969, payments almost stopped in 1970.

These arrearages began at the time of the departure of Mr. John Brucato from the position of land manager, Water Department of PUC. Supervision of all properties except Sunol was returned to the Water Department under Gen. A. H. Frye, Jr. Mr. Frye has testified that his department was instructed to leave Sunol supervision to the General Offices (PUC Staff) and that this was done.

Between June and August of 1970, Gen. Crowley and the newly employed Dr. Christensen, started a file and took action on Sunol. At this time it was \$40,000 in arrears on lease payments. Dr. Christensen's normal duties as Director of the Bureau of Accounts included supervision of accounting statements required and maintenance of performance bonds. To these, Gen. Crowley added responsibility for solution of the financing problems at Sunol.

From May of 1970 to April of 1971 - 11 months - not a single payment was received and the SVG & Rec Co. debt had grown to \$76,000.

During the period of December 1971 to December 1973, SVG & Rec Co defaulted on lease provisions including:

- Rent payments (Sec. 5)
- Internal Accounting Systems (Sec. 5)
- Audit requirements by C.P.A. (Sec. 5)
- Payment of taxes and liens promptly (Sec. 8)
- Assignment or subletting control (Sec. 16)
- Faithful performance bonds (Sec. 23)

## SUNOL VALLEY GOLF COURSE (continued)

Despite those violations, which went considerably beyond financial problems, the City took no definitive action. In particular, PUC Staff (Gen. Crowley and Dr. Christensen) failed to use any of their lease remedies, including:

The right to periodic investigation by an investigator of City choosing, at Lessee expense.

Default of performance bond and thus securing \$50,000 of back rent for the City.

Default remedies to bring the Lessees into a forced financial and operational reorganization.

Repossession of the property if Lessee failed to promptly reorganize.

Instead, the approach of the PUC Staff was to suggest to the Lessees the possible action of default (as early as December 1971 and as late as January 1974). In addition, proposals were reviewed by the PUC Staff, but under inappropriate conditions:

- 1) Mr. Ivaldi, and the SVG & Rec Co felt no pressure to accept these proposals, since procedures for default status hadn't been instituted.
- 2) As time passed during 1972 and 1973, these hints at possible default diminished in impact.
- 3) The City failed to protect its position in the many other areas covered by the lease, thus establishing an implicit leniency.
- 4) The PUC Staff, and particularly Dr. Christensen told proposed investors that Mr. Ivaldi's and SVG & Rec Co's debts must be assumed by the new owners. By not first putting SVG & Rec Co into a position where they had to negotiate, Mr. Ivaldi was left free to voice unreasonable demands.



SUNOL VALLEY GOLF COURSE (continued)

By June 1972, the golf course was \$148,000 in arrears on rent to the PUC, and Mr. Peter Helms of Hood & Strong, Certified Public Accounts was hired. His role was to render unaudited financial statements as of April 30, 1972, which was intended to be based upon the related financial information developed by the accountant of the Lessee.

Quoting from Mr. Helm's June 23, 1972 report to Dr. Christensen who had been elevated to Assistant General Manager, Finance:

"However, the extent of our investigation was limited to a review of the accounting functions and related matters of the Lessee. For the reasons which are set forth herein, and under these circumstances, it was not possible for us to be associated in any way with the presentation of Lessee's financial statements."

"Internal accounting controls are totally inadequate. This deficiency leaves considerable doubt as to the accuracy and reliability of the contents of the books of account."

"Due to the lack of internal accounting controls there is no reasonable assurance that all revenues are included in the books of account. Also, it is uncertain that all liabilities and expenses have been included."

"Adequate internal accounting controls must be installed immediately in order to, among other reasons, insure that the rent payable under the lease with the Public Utilities Commission is correctly accounted and reported. In this connection, we believe that cash counts and limited audit work should be done periodically, on a surprise basis, by representatives of the Commission."

Despite this clear warning, PUC Staff instituted no changes in accounting systems at Sunol, and staff audits continued to be sporadic, perfunctory and unsuccessful. Reports from Sunol continued to violate the provision requiring use of an independent Certified Public Accountant.

In November 1972, a Mr. Michael Grayson made a firm cash proposal for SVG & Rec Co. He signed a basis for Agreement that would have taken care of Accounts Payable (including San Francisco) and a partial return of limited partners capital and general partners notes.

## SUNOL VALLEY GOLF COURSE (continued)

This offer was rejected by Mr. Ivaldi. Mr. Arthur Pretzler, attorney to Mr. Ivaldi, made some interesting written observation on November 6th regarding the difficulties of such a transfer of the business:

- 1) That the transfer of the liquor license would require all of the signatures of the general and limited partners. Very time consuming.
- 2) Limited partners should be satisfied. "It would appear that they might receive only thirty cents on the dollar for their original investment. This may prove to be a problem."
- 3) With \$689,000 in limited partner interests, and \$550,000 in general liabilities (not including General Partner liabilities) only a sale above \$1,239,000 would permit any return to General Partners. (California Corporations Code)
- 4) "It should also be noted that the Partnership Agreement (SVG&Rec Co) provides that any offer by general partners to sell their interest must be first offered to the limited partners."

Also in late 1972, SVG&Rec Co began selling Entertainment Cards ("E" cards) to the public interested in a membership fee and subsequent discounts. These discounts could amount to more than 50% on meals and golf fees.

By December 1972, they had sold five months of "E" cards, grossing \$78,800 which they reported to the PUC Staff and paid percentage of rent on. During 1973, the "E" cards were reported to total \$180,000. With sales commissions of only \$18,000, "E" cards accounted for 25% of the annual gross profit. No liability account was established for unfulfilled future obligations (food and services at discount prices).

Partly due to these "E" card memberships, SVG&Rec Co had managed to raise sales by more than 50%, and have an operating profit of \$6,000, before depreciation, for the full year 1973. And they had improved their creditor standing by paying general creditor accounts down - except San Francisco which increased another \$118,000 to \$294,194.



## SUNOL VALLEY GOLF COURSE (continued)

Thus from January 1972 to December 1973 neither Mr. Ivaldi nor Hawaii San Francisco Investment Company put significant capital into SVG & Rec. Co. and overdue rent to San Francisco increased enough to finance both the moderate two-year loss of \$120,000 before depreciation, and their current liabilities.

PUC Committee of the Grand Jury has also heard testimony from a variety of sources regarding the possibility of "skimming" of revenues at the golf course prior to 1974. We have not had an accounting staff with which to verify this. However, "skimming" was clearly referred to within PUC Staff offices on more than one occasion in 1972-74. Yet the Sunol bookkeeping systems were allowed to remain inadequate, and no full scale audit was ever attempted. Failure to investigate such rumors was a clear violation of PUC administrative responsibility.

Throughout the four years of growing debt, the Public Utilities Commission was never formally apprised of the development. Even the annual report was tactfully changed: instead of stating income received from Sunol, the title was changed to "estimated income".

The PUC Staff, by neglecting enforcement of the lease, and failing to bring SVG & Rec. Co. to a position of forced reorganization, left the City \$240,000 further behind in rental receipts than when PUC Staff took on the project; and no closer to a solution.

## 1974 - JAMES TONY ROMANO

In early 1974, at the prodding of Mr. Brucato who had become an independent finder/salesman, Gen. Crowley agreed that SVG & Rec. Co's debts would not be considered, but rather any offer that made the City whole would be acceptable. Mr. Ivaldi would then fend for himself in negotiating disposal of personal property at Sunol.

This procedure was tested immediately by the offer of a group known as Bartholomew & Associates that were Hawaiian based. They included a Japanese member, Mr. Morita.

At this moment in early January 1974, PUC Commissioner Joseph P. Byrne was asked by a friend how the Sunol problem was coming along. He stated he'd never heard of any problem, and brought the question before Commissioner Flynn and Gen. Crowley. According to Commissioner Flynn, Gen. Crowley, in a statement with later significance, said "the Japs may bail us out".

Meanwhile, Commissioner Flynn was made aware of the details of the Bartholomew proposal when Deputy City Attorney Brazil expressed concern that Bartholomew would not get the course. The



## SUNOL VALLEY GOLF COURSE (continued)

Bartholomew & Associates group, in negotiating with the City, were surprised to hear discussion of "skimming" from a PUC official.

PUC Staff informed Mr. Ivaldi of the Bartholomew proposal for takeover - a proposal that would have left Ivaldi and Hawaii-San Francisco Co. with liabilities to pay as general partners. Mr. Ivaldi assured Dr. Christensen that he had a new backer; on January 17th he called again to indicate that his proposal was solid and the new backers were available.

By January 17th, Ivaldi had actually confirmed his arrangement with Romano, and Romano had an office at Sunol for use in financing the sale. Romano had first met with Reed Porter, Manager and claimed General Partner, in response to SVG & Rec Co's prospectus of sale.

On January 8th, Romano and his proposed partner, Niels Nielsen, met with Ivaldi and Porter and the parameters of the agreement were established.

SVG & Rec Co. was asking \$2.5 million, of which \$1.0 million was to be cash. Porter accepted a Romano offer of \$1,750,000 cash as total price, and by February 1st, this had been changed to \$850,000 cash and the remaining \$900,000 in stock-equity of some sort (20% of Waterborne Microbe Control Corp., a company not then incorporated).

The R.I.N. Company (Romano-Ivaldi-Nielsen) was formed to bring the three individuals together under a partnership. This partnership would purchase Sunol Valley Golf & Recreation Co. and the lease would be re-negotiated to include Romano, Ivaldi and Nielsen.

This proposal, which was presented to the PUC Staff on February 4th had substantial advantages for Mr. Ivaldi, and great disadvantages for all other partners of SVG & Rec Co.

\$1,100,000	Cash and stock for partner's capital
\$ 650,000	Would be contributed to the new R.I.N. venture for working capital.
<u>\$1,750,000</u>	Total Funds & Stock "value" offered.

The result is reflected in the change in the pro-forma financial statement after the R.I.N. Company takeover.

SUNOL VALLEY GOLF COURSE (continued)

SVG& Rec Co.  
December 31, 1973

ASSETS

Current	85.M
<u>Fixed Assets</u>	
Leasehold Imprv.	2,228.M
Furn & Fixt	368.M
Equipment	26.M
Goodwill	127.M
Liquor License	18.M
	<u>2,769.M</u>

Total Assets                      \$2,854.M

LIABILITIES

(In order of preference)	
Current Gen. Creditors	530.M
Term Gen. Creditors	49.M
<u>Capital Accounts</u>	
(In order of preference)	
Limited Partners	689.M
Hawaii-SF/Porter	555.M
Equal	(Ivaldi 1,053.M
Pref.	(Hawaii-SF/Porter 1,053.M
Prior loss (excl. depreciation)	(1,075.M)

Total Liabilities                      \$2,854.M

## R.I.N. COMPANY TAKEOVER

Based on Feb. 6, 1974 proposal

### ASSETS

Prior Current	85.M
New Funds	<u>650.M</u>
	\$735.M

### Fixed Assets

Leasehold Improv.	2,228.M
Furn. & Fixtures	368.M
Equipment	26.M
Goodwill	127.M
Liquor License	<u>18.M</u>
	2,769.M

<u>Total Assets</u>	<u>\$ 3,504.M</u>
---------------------	-------------------

### LIABILITIES

Current Gen. Credit	530.M
Term Gen. Creditors	49.M
Capital Account	
R.I.N.Co. Paid in	650.M
Prior Capital	<u>3,350.M</u>

Prior Loss (excl. depreciation)	<u>(1,075.M)</u>
------------------------------------	------------------

<u>Total Liabilities</u>	<u>\$3,504.M</u>
--------------------------	------------------

The positions of the partners are changed as follows:

- 1) Ivaldi Previously, Mr. Ivaldi's claims were subordinate to \$1,244,000 of limited partner claims and general partner notes. After the R.I.N. purchase, he will have claims against the same assets without any limited or general partner prior claims.

Also, should the R.I.N. Company sell the property again, Ivaldi would share in the gain immediately rather than after \$1,244,000 in priority payments.

- 2) Limited Partners Since \$900,000 of the \$1,100,000 purchase price was in stock of Waterborne Microbe Control, the limited partners would be dependent upon that equity for some later return on their \$689,000 investment. Mr. Nielsen admitted that the stock value was purposely inflated to make it as attractive as possible to the limited partners.



SUNOL VALLEY GOLF COURSE (continued)

3) Hawaii-SF Investment Co./Porter

In April 1972, both Ivaldi and Hawaii-S.F. Investment Co. had signed an agreement to sell their general partnerships to Reed Porter, then manager of Sunol. Mr. Ivaldi has denied the existence, and later the authenticity, of that document. However, Hawaii-S.F. Investment Co. carried through with the sale to Porter, and published a bulk sale notice in May 1973.

Subsequently, and apparently for the purpose of limiting its liability, Hawaii-San Francisco Investment Co. has insisted that the sale to Porter was valid. Porter, though not approved by the PUC, claims his position as general partner.

Whoever Mr. Ivaldi's general partner was, they or he took a substantial loss in the sale to R.I.N. Co. Mr. Porter had approved the \$1,750,000 in cash, as that would have settled the current liabilities and limited partner obligations, and still allowed a partial payment of the Hawaii-S.F. Investment Co./Porter priority note of \$555,653.

However, Ivaldi's final purchase price agreement of \$1,100,000 left no payout whatsoever for the general partner, with the exception of the Waterborne stock. Thus total claims of \$1,608,000 were being signed away for 20% of a company that was not even formed.

When Mr. Porter became aware of the \$850,000 cash and remainder in equity, he refused to consider it further - even before knowing that the cash was not to be used to purchase capital shares.

The R.I.N. Company proposal that came to the PUC staff involved:

- 1) Improvements, including recreational and motel, totalling a \$3,500,000 immediate investment.
- 2) Use of financing that was already committed.
- 3) Projected possibilities for future expansion for hotel, mobile homes, etc.

SUNOL VALLEY GOLF COURSE (continued)

4) Partners responsibilities of:

Romano - financial capability  
Ivaldi - local knowledge of the area-con-  
tinuity  
Nielsen - management ability

There is some question as to the date when financial statements and resumes were turned in to the PUC Staff. However, both General Crowley and Dr. Christensen have testified to having reviewed these financial statements. In Dr. Christensen's case, Nielsen was present during the review.

Mr. Nielsen's resume included the following:

\$3,000,000 as the value of Waterborne Microbe  
Control, Inc. (A corporation still to be formed.)  
  
\$358,750 Aqueonics, Inc. which is owned by Nielsen  
-- no proof of value furnished.  
  
\$250,000 other assets, net of liabilities, none of  
which was listed in a way that it could be  
checked (no bank names, locations of real  
property, etc.)

Mr. Romano's financial statement was even less specific:

\$3,000,000 Waterborne Microbe Corp. (see above)  
  
\$ 55,000 "New York" real estate  
  
\$ 720,000 "Florida" real estate  
  
\$ 85,000 "California " real estate  
  
\$ 379,850 other, without substantiation or means of  
confirmation.

Dr. Christensen felt that the real estate, though located only by state total, was the item that impressed him. Besides, testified Dr. Christensen, "Nothing there that with Teamster money, could be objected to." Gen. Crowley thought that the financial statements were "bloated but enough left in it."  
"It made pretty good reading," he said.

Apparently not good enough reading for the Commissioners, though, as both Commissioners Flynn and Byrne testified to never seeing the financial statements. Mr. John C. Farrell, then Secretary to the Public Utilities Commission, has the

SUNOL VALLEY GOLF COURSE (continued)

main responsibility for keeping Commissioners informed. This was perhaps the first of many communication lapses with the Commissioners. (See financial statements, Exhibit 1 and 2)

On February 4, 1974, Ivaldi and Nielsen met with Christensen and Crowley to complete the transaction on the PUC Staff's deadline day. When no check was forthcoming, Nielsen was sent to Romano's house to get one. Romano balked, so Nielsen returned and gave Dr. Christensen a \$306,000 check on his personal bank account. Dr. Christensen agreed to hold this until a Romano check was delivered.

On the basis of this "good faith" check, and the promise of Romano's check to come, Romano moved into the Sunol Golf Course with Nielsen, and the Bartholomew and Associates group was told that their proposal was rejected. Two day's later, Romano's check for \$306,000 replaced Nielsen's check.

With this series of events accomplished, PUC Staff turned to the preparation of the Resolution required to have the Public Utilities Commission approve a 55 year lease, the change in lessees, and new terms. This was begun despite the fact that:

- 1) No one on the PUC Staff had seen Romano.
- 2) They had done no background checks on Nielsen or Romano.
- 3) No financial review had been accomplished to confirm or question their capability.
- 4) No effort had been made to confirm Nielsen's claim that their financing of the \$3,500,000 in improvements was already lined up.
- 5) No effort was made to telephone to see if Romano's check for \$306,000, drawn on a personal account, was good. It had been agreed to post date the check until February 13th, the day of the PUC meeting. (See Exhibit 3)

The PUC Staff has stated that they didn't evaluate Romano and Nielsen too closely because they were relying on Ivaldi. Considering SVG&Rec Co's payment record, and the fact that Ivaldi would prefer any potential partners rather than face default, this was poor judgment.

On February 13, 1974 the Resolution 74-0056 was presented to the Public Utilities Commission. While the Nielsen proposal was submitted with the Resolution, the financial statements



## SUNOL VALLEY GOLF COURSE (continued)

were not attached. According to PUC Staff, the financial statements were on a table for the Commissioners; no Commissioner reported seeing them.

The Commissioners were not advised of competing proposals for the lease, nor was there substantial discussion of the proposed Resolution. The proposal, covering the largest lease that the PUC had, and involving a 55-year commitment, was presented in summary form, and voted through after Gen. Crowley's presentation of ten minutes. Gen. Crowley was asked if the back rent had been received, and he assured the Commissioners that it had been.

At this point, the PUC Staff had created a curious situation. Sunol Valley Golf & Recreation Co. partners had neither agreed to sell to R.I.N. Company, nor to sign over their Sunol lease to them. Yet the February 13th Resolution didn't declare default of that lease. What it did was authorize "re-negotiation" under Section 47. Section 47 permits re-negotiation provided:

- 1) Lessee is not in default under any of the terms and conditions of the lease (Sunol Valley Golf & Recreation certainly was!)
- 2) Said lease is not terminated for any cause.
- 3) Re-negotiation refers to intended use, terms, conditions, and rental, not lessee.

Thus use of that section is not proper. But more involved is the effect of this Resolution: R.I.N. Company cannot sign the lease amendment and become lessees unless SVG&Rec Co. partners agree to sign over the lease. Thus R.I.N. has paid-in a \$306,000 check for backrent with no guarantee that SVG&Rec Co. will approve the re-negotiation plan. In fact, Ivaldi confirmed that he never approached the limited partners on this proposed sale, preferring to wait until the money was in escrow. Yet as Mr. Pretzler noted, terms of the SVG&Rec Co. partnership agreement were that limited partners would have the right of first refusal of any sale.

A more logical approach would have been to require written evidence that SVG&Rec Co. had made a firm agreement with new partners; then a certified check to the City through the escrow of sale; then the PUC formal approval of the new lessees.

On February 18th, five days after his approval by the Commissioners, Romano stopped payment on this \$306,000 check. By February 20th the PUC Staff found out about the problem. Harold Guetersloh, a City accountant, reported the result of his

## SUNOL VALLEY GOLF COURSE (continued)

telephone call to Romano's bank to Dr. Christensen: "They received stop payment. They never had that kind of money in the account."

On February 21st, Dr. Christensen met with Nielsen, Ivaldi, PUC Staff and Ivaldi's lawyer, Mr. Pretzler. Mr. Nielsen had already communicated his "reason" for payment being stopped on Romano's check: there was evidence of liabilities in excess of earlier understandings and some potential criminal liability. Skimming was mentioned specifically in the February 21st meeting. For this reason, Nielsen said Ivaldi had to be removed from the lease, with Nielsen and Romano to proceed as the new lessees.

This February 21st change was only partly occasioned by lack of funds and unexpected liabilities at Sunol. The partnership of Romano-Ivaldi-Nielsen was coming apart. Nielsen's reference to "Florida money" he would contact immediately, was William Barr and within the week, a Barr-Ivaldi-Nielsen proposal would be competing with Romano.

The change in the proposal was to pay SVG&Rec Co. a maximum of \$850,000, and that would be done by paying the back rent (now \$330,000) and up to \$500,000 of SVG&Rec Co.'s current liabilities. Thus the equity component was withdrawn.

This change in the proposal meant that the limited partners and Hawaii San Francisco/Porter would not get the speculative Waterborne Microbe Control stock. Ivaldi's reason for agreeing to this, and his own withdrawal from the R.I.N. Company, is unclear. As a partner in the newly-approved R.I.N. Company, he had an immediate share of the \$3.5 million in assets and the earnings to come. By his attorney's statement of withdrawal on February 21st, Ivaldi would ostensibly lose all that. Explanations vary, as follows:

- 1) It is known that Ivaldi's attorney, Pretzler, was concerned about the legality of Ivaldi profiting from R.I.N. Company while the limited partners get only the speculative Waterborne Microbe Stock. Reed Porter, a possible general partner, had already expressed his displeasure of the purchase terms.

If a sale of the SVG&Rec Co. partnership was to occur, the partners would have to approve. By becoming a "silent partner" of the partnership - but not on the lease - Ivaldi could profit without the knowledge of the other SVG&Rec Co. partners. Thus, Nielsen and Romano could be lessees, but Ivaldi might remain in the partnership running the golf course.



SUNOL VALLEY GOLF COURSE (continued)

- 2) Ivaldi might also have been removing his support from the Romano-Neilsen side in preparation for supporting Barr and Nielsen.

Since all of Mr. Ivaldi's testimony was contradictory, and Nielsen and Romano were unclear on this point, no positive conclusion can be reached.

More to the purpose of this inquiry, is the reaction of the PUC Staff to these events. Despite Romano never having funds in the bank; despite charges of irregularities at Sunol; and despite the loss of the "continuity factor" - Ivaldi; the PUC Staff made no new efforts to qualify the remaining lessees. Or even to meet Romano. With Ivaldi departing, the PUC Staff gave only slight consideration to an open bid. It was considered too complicated due to the Sunol situation.

The reaction of the PUC Staff was simply to set up a deadline of February 25th for the R.I.N. group to pay the \$306,000 in back rent. Romano failed to come up with the money and Nielsen had found William Barr, a Florida attorney, willing to invest provided Romano was out.

Romano needed time - an extension of his deadline, and money. Through the infamous Abe Chapman, he met Barbara Barnato, a dealer in unconventional financing, reputedly Teamster funds. Romano explained his problem.

Barbara Barnato called Vernon Kaufman, whom she knew to be well acquainted with City Hall. She briefed him on the situation and asked if he knew anyone within Public Utilities.

He said that he knew Gen. Crowley, and agreed to contact him for Barnato. Despite his testimony to the contrary, there is testimony to indicate that Kaufman called Gen. Crowley, asked to come and speak to him, and then visited him at PUC offices. He at least outlined Barnato's financing problem with Sunol, and asked if Gen. Crowley would talk with her. Crowley did, and Barnato explained the financing efforts under way, that the Teamsters were involved, and that she needed a little more time. Finally, Romano was instructed to make a \$10,000 certified check deposit to the PUC and he would have an extension until March 6th.

At the same time that Romano was struggling for an extension, Nielsen called Barnato's office and heard loud threats to pull out the Teamster votes in the background. Whatever the reason for the extension, the \$10,000 was paid to the PUC Staff and Romano received his extension to March 6th.

Nielsen has testified that, on or about February 27th, he went



## SUNOL VALLEY GOLF COURSE (continued)

in to see Dr. Christensen and told him the whole story about Romano's background. It was Nielsen's hope that the City would drop Romano and look favorably on the William Barr-Ivaldi-Nielsen proposal. The terms were identical, only the lessees were different. Barr had reportedly told Nielsen that he would not finance the deal with Romano included; he told Nielsen that Romano had continued association with the Mafia. Christensen merely reiterated the March 6th deadline that Romano faced, and made no further inquiries.

Within two days Romano confronted Nielsen with his duplicity. Nielsen offered Romano \$35,000 plus his investment if he would leave Sunol to the Barr-Ivaldi-Nielsen group. Romano threw Nielsen off the course.

Nielsen and Romano had equal rights to the position of lessee. Nielsen had impressed the PUC Staff while Romano had never met them. And it was obvious that Romano had no money. Thus, when Nielsen joined with Barr as financier, while Romano continued alone in his search for funds, Nielsen-Barr became the most likely lessees. Yet Romano managed to hold the property.

Just when Nielsen was presenting his Barr proposal to Christensen, Romano was visiting H. Welton Flynn, President of the PUC. Bennie Barrish, a liquor salesman for Juilliard Alpha, agreed to get Romano an appointment to see Flynn. In that meeting, Romano explained everything that had occurred since the February 13th PUC approval. Romano was afraid his investment in refurbishing, and his \$10,000 deposit, would be lost. According to his testimony, he left reassured.

The next day Flynn visited Christensen's office to get the full story; the stopped \$306,000 check, the deadlines missed, and Ivaldi and Nielsen dropping out. All without notice to the Commissioners. Christensen proceeded to tell Flynn that Romano was a bad approach - no money. William Barr then called and Flynn listened to Christensen's call. Barr told them that he wanted nothing to do with the Golf Course while Romano is involved. Said that Romano is after Teamster money and the FBI is checking on him. Also that Romano "had a record." According to Flynn, at this point in time - March 8th - everyone at PUC offices was disenchanted with Romano.

Commissioner Flynn has told the PUC Committee of the Grand Jury that he was not a positive influence for Romano. Yet Gen. Crowley referred to both Flynn and Kaufman as "juice" (influence) that Romano was using on him. And clearly, Mr. Flynn, despite his knowledge of March 6th, never made one move to inform the Commissioners or to question Romano's later amendment before the Commission.

## SUNOL VALLEY GOLF COURSE (continued)

Investigation of Romano's background would have confirmed his history of grand larceny and income tax fraud - neither conducive to proper management. In addition, they would have found that Mr. Romano's most recent effort, the Roman Holiday Inn in Florida, was foreclosed in November 1973 - without ever opening its doors!

Romano claims that two East Bay labor leaders - Jim Muniz and Joe Maderios - also helped by making calls to the City in his behalf. They were both representing union members at Sunol, and wanted a prompt settlement to union claims then outstanding.

The combination of these influences, and perhaps other unknown factors as well, managed to preserve Romano's option to the lease without performing on the financial end. After continued extensions well into March, Barr withdrew from the competitive proposal.

On March 11th, Romano made his first visit to the PUC offices - and had his first meeting with Crowley and Christensen. Also in attendance were Ivaldi, and his attorney, and David Kroopnick, the Deputy City Attorney assigned to Sunol matters since February 21st. According to Christensen's memo for record, Romano asked for a 10-day extension to pay the \$340,000 to the City. He has "committed" approximately \$170,000 in bills and rehabilitation, and has a \$3.5 million payment coming to his account in the Danville Bank resulting from other properties which he owns. In addition, reported Christensen, Romano said his mortgage had been approved by the Atlas Life Insurance Co., with funds coming in 4-10 days.

Gen. Crowley and Dr. Christensen again granted the extension without confirmation of Romano's statements. He was told to have Atlas call a Wells Fargo escrow officer on March 12th to confirm that funds would be processed to Wells Fargo by March 22nd.

Gen. Crowley did protest Romano's going "to the juice," or influence, to protect his lease. He told Romano that Flynn and Kaufman were not the correct approach and he must deal directly with the PUC Staff.

The notification from Atlas Life Insurance to Wells Fargo on March 12th was bypassed by Romano. Instead, Barbara Barnato volunteered to get Crowley a telegram which came from Doctor Bruce Mead in Boulder City, Nevada. It ended by saying "Barbara Barnato and Chicago will keep you posted Morgan International." Gen. Crowley tried to find Morgan International and couldn't. No inquiry was made. (See Exhibit 4)

The required escrow to be established with Wells Fargo by



## SUNOL VALLEY GOLF COURSE (continued)

March 22nd was also bypassed by Romano. Instead, an escrow was established at Full Service Escrow Co., Los Altos, California. This selection was made by John Fahey, Romano's new attorney, and Abe Chapman. The three men approached Full Service Escrow because of their familiarity with Max E. Johnson, a principal in the firm.

On March 25th, they drafted a set of escrow instructions that were intended to placate the PUC Staff. These escrow instructions were reviewed by the Staff and by Mr. Kroopnick. Mr. Kroopnick advised Christensen and Crowley that the document was unclear and that it did not directly involve the City, or create a right of enforcement in the City. Mr. Kroopnick was asked to see if said funds, \$840,000, were actually on deposit with Full Service Escrow Company. There is some question whether he did reach anyone at Full Service; in any event, he never received substantiation of the deposit.

The escrow instructions did not create a binding procedure to guarantee the City's receipt of its \$340,000 in rent. And it failed to set forth any time constraints for paying the City's rent. There has been criticism of the fact that Romano never had actual cash in the escrow, only his personal checks. Yet he makes this very clear in the first two lines of his escrow:

"I hand you herewith the sum of Eight Hundred Forty Thousand Dollars (\$840,000) for the account of James Romano."

"Said funds are to be deposited according to further instructions to be received by you on or before April 23, 1974 from James Romano, and when you can cause to be issued by National American Title Insurance Company, a leasehold title insurance policy . . ." (for the amended lease.)

Clearly the City had no control over what the instructions of April 23rd might be, and thus no basis for projecting any date of payment from these escrow instructions. Yet, Christensen assumed, and testified that Kroopnick assumed, that the funds were deposited.

At the same time Fahey took issue with the unclear title to the Sunol lease, which was created by the question of Reed Porter's claim to General Partner. The fact that the PUC Staff had dealt with him as a General Partner raised a question as to whether he was defacto General Partner.

Kroopnick's file notes show conversations with Fahey and Pretzler that covered the problems of Clear Title, sign off of all partners to transfer the liquor license, and the need for a bulk sales



SUNOL VALLEY GOLF COURSE (continued)

transfer to allow outstanding creditors to become known.

The PUC Staff, by not having taken control of this transfer of lease originally, was now bogged down in disputes between the parties, a transferee that was financially unsound, and a transferor that had complex problems in effecting transfer of the limited partnership.

To add to the danger signals already in evidence, a Ms. Kitty Archibald of the Tri-Valley Herald (in the Sunol area) had been investigating the events at Sunol and Romano. This began with Romano's layoff of workers when he closed the club for renovation. Complaints from "E" card members added to the grumbling, especially when Romano said he didn't plan to honor them. Archibald interviewed Romano and then followed up on his background.

She then began calling the PUC Staff in late March and April. Unable to get an explanation from the PUC, she telephoned the Board of Supervisors and Ms. Feinstein's offices. There a non-paid intern returned her call, and was told about the issues of the bad check from Romano, Florida background of Romano and problems with the lease. The intern was directed to call Dr. Christensen, and Dr. Christensen told her that an escrow was established and everything was all right. However, when a summary of Ms. Archibald's assertions and Dr. Christensen's answers reached Ms. Feinstein, there was enough discrepancy to prompt a call from her to Christensen. She was unable to draw out further explanation, and asked to be kept informed.

During this period, the PUC Staff continued to get offers of assistance from various sources. Lawrence Hill offered the temporary services of Earl Scannell on March 2nd. Mr. Scannell was an experienced operator of golf courses, and would have operated the course for the City until it was in a position to deliver a clean lease to a new operator. In early March Dan Barboni, a realtor involved in the Bartholomew & Associates proposal also contacted Crowley. Crowley told him that the Sunol situation was in a "hell of a mess." Barboni offered to have his group back in the picture immediately; but he was never called. Crowley also complained to Barboni about Romano's background, which was probably information Crowley got from the Nielsen-Christensen conversation of February 27th or thereabouts.

For perspective, it should be noted that the Public Utilities Commission was having bi-weekly meetings throughout this period. Within these meetings, scheduled for the 2nd and 4th Wednesdays of each month, no discussion of these Sunol events took place. With the exception of Commissioner Flynn, the Commissioners did not know of any further developments on Sunol until the

SUNOL VALLEY GOLF COURSE (continued)

May 28th Resolution was before them.

On April 3rd, two important and apparently independent events took place: Ivaldi and Romano finally signed an agreement to purchase, and Muniz managed to contact Mayor Alioto in his effort to help Romano.

The SVG&Rec Co.-Romano Agreement came almost three months after the initial January understandings were reached. Testimony did not suggest that any earlier agreements had been abrogated. Logic would suggest the need for a definite statement of the property transferred and the obligations of both parties.

Ivaldi says the agreement was drafted in February, but not signed until April.

This agreement eliminates the last possible excuse for maintaining Romano as the transferee and new lessee: PUC Staff had argued that a direct agreement with the Partners of SVG&Rec Co. would result in an amicable turnover of the Golf Course, and a clean start for the new operators. The February 13th resolution carried an attachment that included a purchase price from limited and general partners of \$1,100,000 (mostly Waterborne Microbe stock). Mr. Ivaldi assured Christensen on January 17th that the new backers would include "elimination of all of the current partners except Ivaldi."

The April 3rd agreement was far different. It states in part:

"Partnership desires to transfer and Transferee desires to acquire the lease interest of the Partnership, including all of the building and personality contained on the leased property."

Additionally, "Partnership will sign such documents and do such acts as are necessary to effect transfer of the leasehold interest presently possessed by the Partnership . . ."

Thus, there is no settlement with the limited and general partners whereby they would turn over their interest in the limited partnership for other equity. Rather, the sole asset of the partnership is being transferred out of the partnership without concluding a settlement with the limited partners. Indeed, some of the limited partners voiced their concern that they were never polled about the whole Romano Agreement.

Interestingly, the draft of the Barr-Nielsen Agreement with SVG&Rec Co. which was proposed in early March is almost identical with Romano's agreement. Yet it carried an additional interesting clause:

SUNOL VALLEY GOLF COURSE (continued)

"Partnership cannot guarantee that it can provide the signatures of all the limited partners on any particular document. Partnership will, however, indemnify and hold harmless Transferees from any and all claims, demands or actions made or instituted by any limited partner or group of limited partners against the Transferees resulting from the failure to obtain the necessary signatures of limited partners."



## SUNOL VALLEY GOLF COURSE (continued)

While the legal effect of this is uncertain, it does recognize the potential difficulty in getting limited partners (and perhaps a general partner) to sign off as needed. Recognition of this fact is the first step toward the use of default, which is - short of all partners signing off - the only way of transferring the lease without being subject to partner suits. In the May 29th amendment, the default provision is incorporated. Yet the same default approach, done under competitive open bid procedures, would have brought forth far more suitable lessees than Romano and Nielsen.

Mr. Romano has testified that, despite his escrow of March 25th, he had not managed to get himself the time he needed to complete the transaction. There were questions about the title due to the bulk sale notice to Porter; Ivaldi was not getting partner sign offs; and Romano still didn't have cash in the escrow. He did claim to have "hot" money at exorbitant interest rates in New York that would cover his escrow.

On April 3rd, he persuaded James Muniz of the Teamsters' local 70 in Oakland, to put in a call to Mayor Alioto. Muniz had been working on Alioto's Gubernatorial campaign, and when he called from Sunol to San Francisco he left a message at the Mayor's office. The Mayor returned his call from Detroit, and Muniz told him briefly about Romano. The Mayor's reply was brief and said to tell Romano to wait until he, the Mayor, got back to San Francisco.

Three days later, Romano had arranged through Muniz and Joseph Maderios of the Culinary Workers Union, to visit a political gathering at Konocti Harbor Inn. It was hoped Romano could discuss his problems with Mayor Alioto more fully. Muniz and Maderios agreed to try to arrange the meeting.

Late in the afternoon, Mayor Alioto, Maderios, Muniz and Romano were seated for a discussion. Amidst interruptions from well-wishers, Romano told his story: stopped check versus "bad" check, problems with Ivaldi, and the Reed Porter papers of sale. Muniz and Maderios have testified that the meeting lasted from "5-10 minutes", to time for "one drink, maybe two; half an hour maybe". Romano claim that Mayor Alioto assured him that it would be no problem, and that he offered to talk to Crowley, who was at Konocti that afternoon. Muniz and Maderios testified that the discussion ended with Alioto saying he would "check it out" or "pull the file".

Mr. Romano testified that the Mayor had returned later after talking to Crowley, and said "Don't worry, the Japs won't get it". In October, 1974, the Grand Jury Committee was told by Crowley that the words "Romano", "Sunol", and "lease" didn't come up in the conversation with Alioto at Konocti. Following this line during his testimony six months later, the following exchange occurred:

SUNOL VALLEY GOLF COURSE (continued)

Crowley: "Usually he (Alioto) would say something;

I would say "yeah" or "great".

I have tried to recap this - and times even  
try to make up things you think you heard.

I can't recall any pertinent business; I  
I can't recall the word "Sunol" being mentioned.

Committee: As far as you can recall there was no statement  
made about Sunol? Is that correct?

Crowley: I don't remember the word "Sunol" even being  
mentioned.

Committee: Well, all right, there was no word about  
anything to do with that property - or the  
people that were involved with that property?  
Is that correct?

Crowley: I don't recall if anything was said about  
anything - if it was - it had to be a glancing  
throw - late from golf - waved us in - took  
picture of everybody there. Do remember Alioto  
shaking hands with each one of us as we were  
going. I'm sure he always has something to say  
to me - but I don't recall.

Committee: Is it possible that he could have said  
something to you?

Crowley: It's possible.

Committee: Could he have said - a quick comment like:  
"You're not going to let those Japs get that  
course are you?" or something like that?

Crowley: He could have - but, as I say, it would be  
vague to me. If he had said that - ah - this  
thing was the first week in April - and - ah -  
it seems to me - I call it the Hawaiian group -  
I don't even call it the Jap group - their  
option would have been up a way back - I think -  
in February - if I am not mistaken.

Committee: February 24th. But they were also talked about  
as late as the March meeting - as somebody  
who was still a possibility.



## SUNOL VALLEY GOLF COURSE (continued)

Crowley: Not aware of that. But that would be the kind of comment that could have been made. It could have been - and I wish I could be more specific.

Testimony from this whole period shows that before Konocti Romano was under pressure to produce the back rent of \$340,000 and after Konocti he was free of that pressure. Romano's purpose in going to Konocti was to meet the Mayor and enlist his support. In February and March, he had faced performance "deadlines" of February 4th, 25th, March 6th and March 22nd; this last deadline was also missed and prompted calls by Kroopnick to Fehey and Pretzler.

On the Monday after the Konocti weekend, Romano was in high spirits. His secretaries and Milt Brown, a realtor friend testified to champagne at the office and Romano's ebullient quotation of Alioto's "you've got the course".

More indicative of a change in pressure, were the actions of Romano from April 8th on. There was no further performance pressure from the City until Romano was closing his sale in May. Romano spent alot of time away from Sunol - even negotiating for purchase of another club. Clearly, the pressure, for whatever reason, had been removed.

In late April, Mr. Peter Helms of Hood & Strong, who had attempted an audit in 1972, was called by Dr. Christensen. This time, the PUC Staff asked him to do a pro-forma audit of the accounts at Sunol on February 4th. This had been agreed to by Romano and Ivaldi.

On May 6th, Hood & Strong accountants made their first visit to Sunol. They found that the records were missing, no proof of cash receipts, no detail of receivables, no audited statements for reference. Ivaldi's daughter, Mrs. Russell said that she was building up records, and it would be some time before they were ready. Considering that a December 31, 1973 financial statement had already been received, this delay was puzzling. More alarming were the continued postponements in getting these books and bank records ready. Despite requests from Dr. Christensen that he keep pushing Mrs. Russell for the records, Mr. Helms finally dropped the inquiry on June 12th. He concluded that the Ivaldi group was just stalling, and had no intention of providing the necessary documents. The City never took this as a signal for a more major auditing effort.

On May 14th, during a discussion with Dr. Christensen, Mr. Mr. Helms advised further inquiry in regard to the Full Service Escrow Company. Mrs. Russell had told one of Hood & Strong's accountants that she doubted that Romano had put \$850,000 in cash



## SUNOL VALLEY GOLF COURSE (continued)

into escrow. Mr. Helms assured Christensen that interested parties should receive both assurances of monies in escrow and copies of instructions to the escrow. Dr. Christensen told Helms that the City Attorney's office and Wells Fargo would be used to check this. However, no further clarification of the escrow resulted.

By May 1974, Mr. Romano had decided to sell the Sunol Valley Golf Course, and by May 5th he had his first prospect, Peter Denevi. At the same time, the "E" membership cards were receiving more publicity and the media had telephoned both the PUC and Supervisor Feinstein. The main complaint was Romano's unwillingness to honor these cards.

On May 16th, the sewage questions had been dealt with successfully, and the amendment to lease was drafted for reviewing by Crowley, Christensen, Romano and Fahey. Romano and Fahey were reviewing this draft within the context of Romano's agreement to sell to Mr. H. K. Russell and Pete Denevi. That agreement was dated May 14th. Romano's plan to sell required certain things from the PUC:

- 1) An interest in the lease that could be easily transferred to new owners
- 2) The right to encumbrance the leasehold interest
- 3) Clear assignment of the lease so that a title insurance policy would be issued
- 4) Sewage plant installed

In meetings between May 16th and 25th, Romano was concerned: at that time, he still needed sign-offs of partners to get a clean lease; sewage problems weren't solved; and Russell had not put up any money by the 20th. When harrassed over Ivaldi's liabilities, Romano asked out of the whole deal. Crowley refused. Romano claims that he told Crowley he was going to sell the course, and got no objection.

Romano also complained bitterly about the prior taxes and liens that he had paid. If SVG & Rec Co. never signed-off, these payments of their liabilities would be unfair. Romano claims that Crowley assured him that, from the \$140,000 check, postdated June 28th, Crowley would give him credit for the taxes and liens (about \$150,000) if Ivaldi didn't get partner sign-offs. Thus Romano understood that his \$140,000 check would not necessarily be cashed on June 28th.

The right to encumber the leasehold interest was included in the May 28th PUC Resolution, as was the addition of Victoria Pines.

## SUNOL VALLEY GOLF COURSE (continued)

The PUC Staff demanded that Romano pay the back rent and give a full accounting of the excrow situtation before getting the lease. As part of his agreements of saleswith H. K. Russell on May 22nd, \$250,000 of Russell's money went through a Romano-Russell escrow at Full Service Escrow, and immediately \$200,000 of it went out to the City of San Francisco.

A letter from Full Service Escrow Company to Gen. Crowley explained that the remaining \$140,000 rent would be paid through a check postdated to June 28th. An "irrevocable assignment" had been made in favor of the City for that amount.

Just prior to the escrow letter, Gen. Crowley made a call to Captain William J. O'Brien, Department Secretary at the San Francisco Police. He inquired about Tony Romano, and his inquiry was sent to Lt. Lawler's Intelligence Unit. The date of this inquiry was established by Lt. Lawler's absence between May 21st and May 24th. Inspector Martin took the request, and returned the information on Romano to Capt. O'Brien. According to Capt. O'Brien, no later than the next day, Gen. Crowley would have been told by him, that Romano had a "record", was a "con-man", "IRS was investigating" and verbally described his background. No written material was sent to Gen.Crowley.

Despite this confirmation of information he had already heard about Romano, the Resolution and lease proceeded as planned. Gen. Crowley recalls the police department call as right after the lease signing, but that is not consistent with Lt. Lawler's trip, that took him away from the Intelligence Unit on May 21st to May 24th, and not in early June. In any event, no further investigation was made!

The PUC meeting of May 28th was of interest mainly by its omissions. Neither Gen. Crowley, Dr. Christensen, or commission President Flynn informed the other commissioners of Romano's background. The \$306,000 check which bounced in February, was still not reported. The encumbrancing and use of Victoria Pines, Inc. were not reviewed. And the post-dated check of \$140,000 was not disclosed. Commissioner Flynn asked if the City had all the money, and Gen. Crowley said "Yes".

The amendment itself was mis-handled, as an outgrowth of the February 13th Resolution. By putting commission approvals ahead of private business agreements, the City is dictating to the parties involved. On May 28th, the City used a default provision, so that Romano would not have been forced to negotiate with SVG & Rec Co. But, the earlier acquisition agreement leading to the February 13th PUC Resolution, caused Romano to pay many of SVG & Rec Co.'s liabilities. Completing the purchase of the partnership was thus important, and especially if it could affect title to the lease.



## SUNOL VALLEY GOLF COURSE (continued)

A more glaring flaw in the amendment was the unauthorized lowering of rental rates. These had been set by the Commission in February, and were not changed in the May 28th Resolution. Yet on May 29th, they were different:

The Resolution approved by the Commission on February 13th stated:

Food & beverage	- 5%, 6 1/4% after 5 years
All other activities	- 8%, 10% after 5 years

The May 28th resolution to the commission requested no change in percentages.

Yet the May 29th lease amendment gave Romano rates of:

Food & beverage	- 5%, 6 1/4% after 5 years
Motel/Motor Hotel	- 6%, 7% after 5 years
Dues & Fees - golf	- 8%, 10% after 5 years

PUC Staff has argued that they do have the authority to set rates in carrying out the commission's business. Review by the City Attorney's office has confirmed that this is not so: Rates must be approved by the commission, and had to be in the Resolution to be properly handled. PUC commissioners have also confirmed this requirement. City Attorney's office personnel have testified that their "approval as to form" doesn't go so far as to check enabling resolutions against the leases.

Following the signing of the amendment on May 29th, Romano was left free to complete his sale to H. K. Russell. Though no announcement was made to the City, Russell took over the Course on June 1st. However, Romano's complaint of May still held; he did not have the partner sign-offs of the SVG & Rec Co. which he felt he needed for clear title.

By mid-June Romano has been interviewed by the F. B. I. for the first time. On June 28th the city deposited Romano's \$140,000 postdated check - and on July 5th learned that a stop payment order had been placed. This failure to make the back rent payment put Romano in default on his lease. Had Crowley wished to act on Captain O'Brien's information, to preserve the Golf Course from Romano, this clearly was his opportunity. Yet Gen. Crowley and Dr. Christensen made no move to evict Romano in July, or the first part of August. Nor did they tell the Commissioners that payment of this \$140,000 check had been stopped; probably because they hadn't told them of a delayed, post-dated payment in the first place. The



## SUNOL VALLEY GOLF COURSE (continued)

Commission thought Romano was paid up.

At the end of July, Romano's penchant for arguments with partners and employers, led to another series of newspaper articles in early August. Meanwhile, Romano was having a difficult time closing the Russell escrow.

Russell, having given Romano \$400,000, had become nervous. Romano claimed earlier that he could deliver votes to Alioto and thus the City will go along on the sewage plant, etc. Then Russell found out that the lease covered only 280 acres, not 613 acres and notarized copies of the lease and amendments had not been delivered to the title company.

When the City Attorney's office was first told of the non-payment of rent in August 1974, it was to have a demand for compliance sent to Romano. Yet on August 12th, William Dorsey of Full Service Escrow Company called Dr. Christensen (the first time they had spoken) and asked for a notarized copy of the full lease. Dr. Christensen asked where his \$140,000 was. Dorsey told him that the new buyer would be closing escrow that weekend - but that he expected 613 acres under lease. Christensen said it would be all right if the \$140,000 was paid promptly.

On the same day, August 12th, the PUC Staff called a meeting to include Russell, Denevi, Crowley and Christensen among others. The meeting was short and Crowley said that Romano didn't have the lease; and Russell must deal with Ivaldi. Russell tried to protect his \$400,000 by asking if he would get the lease if he paid the \$140,000 outstanding. It was suggested that it would probably be possible to work something out, but they were most anxious to receive the \$140,000 from Full Service Escrow that weekend.

On August 19th, Dr. Christensen called Dorsey of Full Service Escrow to ask why the promised August 16th payment of \$140,000 hadn't been forthcoming. Dorsey said he had not received instructions to close the escrow. Dr. Christensen told Dorsey that he would be conferring with our attorneys.

On the 21st of August, Romano called Dr. Christensen, to say that he would not attend the PUC Staff meeting of the 22nd which was called to discuss this. Rather, he said he would speak only to Gen. Crowley. Romano then threatened that he intended to "blow the thing wide open".

On the night of the 21st, Max Johnson and Dorsey of Full Service Escrow, met with Russell at the Velvet Turtle restaurant. Russell had committed himself to the proposal of having Paul Axelrod and others from Murietta Hot Springs put up the proposed

## SUNOL VALLEY GOLF COURSE (continued)

housing; Johnson would share in the commissions if the deal went through.

At this night session, Johnson told Dorsey that the key to success was getting a full 613 acres under lease. If that was arranged, then the escrow could be closed. Dorsey was instructed to talk only to Crowley to accomplish this.

On the morning of August 22nd, Dorsey, Denevi, Ivaldi and Russell met with Dr. Christensen and Kroopnick. This meeting at PUC offices, followed the format discussed by Johnson; Dorsey refused to talk with anyone except Crowley. He persisted in this even though Russell and Ivaldi, two parties to the escrow were present at the meeting. Christensen did state that he hoped Ivaldi, Denevi and Russell could work something out, and that Ivaldi is viewed as the lessee now.

A meeting was finally set up for Romano to see Crowley, with Dorsey in attendance. The meeting never took place, probably because Russell fell under criminal investigation and thus his potential as lessee ended, and the PUC Staff dropped it.

Shortly thereafter, in the presence of Dorsey, Romano made one last attempt to protect his position. He called Joe Maderios, who had been instrumental in arranging Romano's meeting with Alioto at Konocti. He asked Maderios to contact Alioto again. He warned Maderios that if he didn't get help "Konocti would come out". According to Dorsey, Maderios called back shortly saying that the Mayor is out-of-town, and he couldn't reach him. Maderios testified that he didn't like being threatened, and told Romano to call the Mayor himself.

Maderios did call Crowley though, in an effort to gain time for Romano. But Crowley informed him it was already in the hands of the lawyers.

And on August 28th, Notice to Quit was sent to Romano, and Ivaldi was told to perform on "his lease as amended April 1, 1969." Based upon the return to Ivaldi, he promptly found another group.

On November 13th the PUC Staff, without request from the PUC itself, returned the Golf Course to Frank Ivaldi, and SVG & Rec Co.. The \$200,000 that was paid by Romano was credited against the back rental payments. Ivaldi signed agreements - that were not reviewed by the City Attorney's office - agreeing to:

- 1) Indemnify the City for that \$200,000 if it was required to return same.
- 2) Hold City harmless from Romano suits over

SUNOL VALLEY GOLF COURSE (continued)

personal property title.

3) Pay the remaining \$133,035 in back rent.

The PUC Staff stated that they believed that Ivaldi had a legal right to return to the Course when Romano was evicted.

The City Attorney disagreed. He stated that "A City 'legal obligation' to return the property to the former lessee following the Romano eviction would be questionable." Further, "In seeking a new lessee, in the exercise of its discretion, the PUC could proceed either upon the basis of negotiation or upon the basis of public competitive bid." However, should the City pursue the remainder of the SVG & Rec Co. rent obligation from the Partnership, they might institute legal action to be restored to the property.

Thus the PUC Staff, in taking \$133,000 from SVG & Rec Co., returned to the same, inept and insolvent management that had proven ineffective since 1970. And this was done in the face of solid interest in the Course from a variety of parties.

And despite the new regulations of the PUC Staff, this decision to return to Ivaldi - when clear alternative choices were available - was never presented to the PUC for approval. The PUC Staff made the decision and telephoned Commissioner Flynn to advise him of the action taken.

In October of 1974, the Public Utilities Commission enacted Resolution 74-0391, and in November added Resolution 74-8427 aimed at tightening up procedures for accepting and controlling leases. These Resolutions are set forth in full within the Exhibits.

Miss Joyce M. Cirimelli

Keith E. Doerge

John G. Kamena



## RECOMMENDATIONS

The PUC Committee of the 1974-75 San Francisco Investigatory Grand Jury, as an outgrowth of its study of the Sunol Valley Golf Course, and the Findings and Conclusions immediately following these recommendations, does hereby recommend the following:

- 1) That immediate attention be given to a Charter revision by amendment, that would incorporate the procedures of the Government Code 3060-3074, for removal of Public Officials by Accusation Procedure. Under the Penal Code, Section 922, most Grand Juries can set forth written charges of willful or corrupt misconduct of a non-criminal nature. Such charges are then heard by a jury to determine acquittal or dismissal of the official. Since this procedure is not available to this Grand Jury, the PUC Committee recommends the actions in 2 through 4 below.
- 2) That the Public Utilities Commission secure the resignation of Public Utilities General Manager John D. Crowley, effective immediately.
- 3) That the Public Utilities Commission secure the resignation of Assistant General Manager-Finance, John M. Christensen, Jr., effective immediately.
- 4) That Charter Section 8.107, Suspension and Removal Procedures be initiated covering Commissioner H. Welton Flynn.
- 5) That the Sunol Valley Golf & Recreation Company, a limited Partnership, be required to immediately make deposit of \$200,000.00 in cash into escrow, such monies to transfer automatically to the City and County of San Francisco in the event that the like sum received from Full Service Escrow Company must be returned. (A performance bond to this effect would be acceptable.)

That Sunol Valley Golf & Recreation Company, be instructed to provide the City Attorney's office with a list of the partners, both general and limited, together with notarized proof that each of those partners accepts the position stated.

That Sunol Valley Golf & Recreation Company be monitored closely to insure scrupulous performance of lease terms and fully adequate accounting. Should there be default on any lease provision, the Grand Jury recommends immediate steps be taken to have the property returned to City control, and

## RECOMMENDATIONS (Continued)

- open, competitive bids by responsible parties be accepted.
- 6) That the City Attorney's liaison with the Public Utilities Commission be strengthened to include the same level of legal assistance that private companies utilize in similar situations:
- a) Review of binding transactions and agreements in a manner that insures complete legal logic and consistency.
  - b) That all legal documents that are an outgrowth of Commission Resolutions be reviewed to assure conformity to those Resolutions.
  - c) That record be kept of the individual attorney responsible for the review of legal aspects of an agreement as well as the attorney responsible for "review as to form".
  - d) That the deputy city attorney on any matter for a city department, keep a clear, organized, chronological file of documents and notes pertaining to the matter. Included should be a time sheet noting the date, time spent, and assignment involved.
- 7) That there be a review of all Public Utilities Commission property agreements outstanding, both in terms of the major agreements, and the desirability of the lessees in all leases. In addition, particular emphasis should be placed on review of the Walnut Orchards and Santa Clara Sand & Gravel Co. operations.

## MAJOR FINDINGS & CONCLUSIONS

The PUC Committee of the 1974-75 San Francisco Investigatory Grand Jury has come to the following findings and conclusions from its investigation of the Sunol Valley Golf Course property handling by the Public Utilities Commission and Staff:

- 1) That Tony Romano, through delaying tactics, mis-representation of financial position, and use of political pressure, prevented the City of San Francisco from correcting the problems at the Sunol Valley Golf Course, and cost the City large sums in legal efforts, lost revenues in 1974, and wages to the community from normal operating levels.
- 2) That General Manager John D. Crowley and Assistant General Manager, Finance John M. Christensen, Jr.:
  - a) Failed to carry out the proper duties of their offices due to bad management.
  - b) Gave preferential treatment to Frank O. Ivaldi and Tony Romano that was, knowingly, against the City's best interests.
  - c) Failed to protect City property under their control from known criminal elements.
  - d) Failed to investigate charges of "skimming" on properties where City income was dependent upon that revenue.
  - e) Failed to disclose information to the Public Utilities Commission that was necessary for that Commission to properly manage property under its jurisdiction.
- 3) That H. Welton Flynn, President of the Public Utilities Commission:
  - a) Failed to protect Public Utilities Commission property from being leased to an individual of known criminal background, after that background was known to him.
  - b) Failed to communicate, to the PUC Commission or cause to be communicated, substantial prejudicial information about Tony Romano's dealings with PUC Staff, when that information would have alerted the other commissioners to the situation.



## MAJOR FINDINGS & CONCLUSIONS (Continued)

- c) Failed to make proper inquiry into the Sunol Valley Golf Course situation when the full extent of the Romano lease negotiation became known.
- 4) While the PUC Committee did not find clear evidence that Mayor Alioto had personal knowledge of Romano's background, and thus doesn't find him responsible in that regard, it does find:
  - a) That on October 9, 1974, in a statement to the full Grand Jury, Mayor Alioto limited his involvement with Romano to an introductory comment and handshake at a large public event.

Subsequently, the Mayor has agreed that he had further contact with Romano's efforts to lease Sunol, including at least one telephone call on the subject (with Jim Muniz), and a sit-down discussion with Romano at Konocti.
  - b) That the Mayor failed to fulfill his responsibility of having a thorough, timely inquiry into the causes and individual actions surrounding the Sunol problem. This is directly within his authority under the Charter. He also made no effort to initiate a Public Utilities Commission inquiry into the matter.
- 5) No determination has been made of the actual effectiveness of attempts made to secure the lease for Tony Romano through influence: by Romano and Bennie Barrish on H. Welton Flynn; by Vernon Kaufman and Barbara Barnato on John Crowley; and by Jim Muniz and Joe Maderios on Mayor Alioto.
- 6) That co-ordination between the Public Utilities Commission Staff and the City Attorney's personnel was sporadic and generally ineffective.
- 7) That John C. Farrell, then Secretary to the Public Utilities Commission, and Assistant General Manager, Administration, failed to properly inform the Commission of important aspects of the Romano negotiations.

# CONFIDENTIAL FINANCIAL STATEMENT

• RUEL E. NIELSON

December 1973

## ASSETS

### CASH

Cash on hand	\$ 5,000	
Certificates of Deposit & Savings	<u>\$ 15,303</u>	
TOTAL CASH		\$ 20,303

### STOCKS

Aqueonics, Inc. (71,750 shares @ \$5) (per share price based on Nov. 1973 sales)	\$358,750	
Waterborne Microbe Control, Inc. (300,000 shares @ \$10) (per share price based on Jan. 1974 sales)	\$3,000,000	
Energy Systems, Inc. (10,000 shares @ \$5)	\$ 50,000	
American Express Fund	<u>\$ 2,000</u>	
TOTAL STOCKS		\$3,417,750

### OTHER

Real Estate	\$ 19,500	
Preissory Notes	\$105,812	
Vehicles	\$ 3,000	
Insurance Equities	\$ 7,000	
Furnishings, Tools, Photo Equip., Silver & other personal effects	<u>\$ 40,000</u>	
TOTAL		\$ 180,312

## LIABILITIES

Real Estate Loans	\$ 4,776	
Vehicle Loans	\$ 3,300	
Misc. Charge Accounts	<u>\$ 900</u>	
TOTAL LIABILITIES		\$ 8,976
TOTAL ASSETS		\$3,618,365
NET WORTH		\$3,609,389

FINANCIAL STATEMENT

JAMES ROMANO

December 1973

ASSETS

Cash on hand and in banks	\$ 28,500	
Real Estate - New York	\$ 55,000	
Florida	\$720,000	
California	\$ 85,000	
Notes Held (7% - due 1974)	\$295,000	
Stock - Waterborne Microbe Control, Inc. (based upon Jan. 1974 sales)	\$3,000,000	
Vehicles, Furnishings & Personal Effects	<u>\$ 65,000</u>	
TOTAL ASSETS		\$4,248,500

LIABILITIES

Notes on Real Estate	\$ 7,000	
Misc. Current Charges	<u>\$ 1,750</u>	
TOTAL LIABILITIES		<u>\$ 8,750</u>

TOTAL NET WORTH \$4,239,750



James Romano

PAID 100.00 No. 1000

PAID 100.00 10/13/19 50-1030 214

PAY TO THE ORDER OF *City of New York*

*Typing Machine Sales Co.*

PAID STAMP CANCELLED  
VALLEY BANK OF NEW YORK  
DOLLARS

VALLEY BANK OF NEW YORK  
A MEMBER OF THE BANK OF NEW YORK COMPANY, INC.

ROCKAWAY AVENUE  
VALLEY STREAM, N. Y. 11802

AUTHORIZED BY *James Romano*

FOR \_\_\_\_\_

00214 10300 01 3 82207 0030600000

EXHIBIT THREE

TELETYPE

SFA239 SFE254 (1943) (2-037893E073) PD 03/14/74 1848

IGS IFMRNCZ CSP

7022933302 TDRN BOULDER CITY NV 32 03-14 0748P EDT 1 11 14 50

FMS JOHN D CRAWLEY, DLR

287 CITY HALL

SAN FRANCISCO CA 94102

558 4957 RAMO LOAN IS PROCESS OF BEING FUNDED AND THE DELAY  
IN THE TRANSACTION IS TEMPORARILY DUE TO PAPER WORK NECESSARY  
BARBARA BARNADO AND CHICAGO WILL KEEP YOU POSTED MORGAN INTERNATIONAL

DOCTOR BRUCE MEAD

NNNN

## MINORITY REPORT

### ON

## SUNOL VALLEY GOLF AND RECREATION COMPANY

A brief review of events leading to the controversial conclusions of the handling of the negotiations and leasing procedures of the PUC Staff is necessary to put them in the proper perspective.

In 1964 the Water Department was receiving approximately \$5,000 annually for 613 acres of Sunol Valley watershed land that was leased for grazing and dry farming purposes.

In 1965 Frank Ivaldi and partners began a \$2.5 million investment in 2 golf courses and a deluxe clubhouse. Of the 613 acres 280 were leased for the golf courses and recreational activities, and the remaining 333 were rented under a revocable permit.

From September 1965 to February 1970 a total of nearly \$230 thousand was collected in monthly rent. Then the payments became irregular, with skips of from one to eleven months and successive payments of three months rent.

By January 1974 approximately \$675 thousand in rent had been earned of which \$375 thousand had been paid, leaving approximately \$300 thousand owing and past due.

During the latter part of 1971 it was apparent that Ivaldi and his associates were in dire difficulties and the PUC Staff attempted to assist them by trying to bring into a new partnership people with money and/or expertise. Ivaldi submitted 5 proposals for reorganization and infusion of new capital, and 15 proposals were received from others seeking to take over the premises.

These proposals were received over a span of nearly 2½ years. None met the Staff's objectives, i.e., payment to the City of the money owed it, having necessary repairs and corrections made to the premises, making the necessary capital improvements, payment of taxes - accrued and current - and payment of debts owed to contractors and vendors. While it was not obligatory on the Staff's part to see that the contractors and vendors were paid, it was their judgment that they should insist on payment of these accounts to clear the premises of a rash of liens and law suits which most likely would be filed and which would tie up the premises for a number of years until adjudicated by the Court.



SUNOL VALLEY GOLF AND RECREATION COMPANY (Continued)

The Staff was reluctant to terminate Ivaldi's lease and take over operation of the premises, as they estimated the cost to the City for maintenance and security personnel, together with taxes and insurance premiums to be about \$25 thousand per month, not including the loss of rent which was being generated.

By the end of 1973 the Staff decided that regardless of any financial damages to anyone it would have to take action and terminate the lease. It, therefor, set a deadline of February 4, 1974 for Ivaldi to come up with a satisfactory resolution of the difficulties or vacate the lease.

On January 17 Ivaldi informed the Staff that he had a new group who would satisfy all of its objectives, and that he would continue to remain involved.

In the latter part of January the details of the agreement between Ivaldi and his new partners, including the capital improvement program, was presented to the Staff. The City, in turn, was requested to increase the length of the lease to 55 years plus two 10 year options for renewal. This appeared to be a satisfactory solution to all prior problems as it would pay all of the current liabilities of general creditors, thereby removing the threat of liens against the property. It also provided that approximately \$3 million would be expended on capital improvements on the property, thereby creating the possibility of greater earnings resulting in larger rent payments to the City.

As a result of this proposal, the PUC recognized the new partnership and by resolution on February 13, 1974 entered into a formal lease amendment.

The new partnership was to consist of Mr. James Anthony Romano, Mr. Niel Nielsen and Mr. Frank Ivaldi.

Mr. Romano presented a check for \$306 thousand on February 13 and after deposit it was not honored on February 21. Discussions were immediately begun with the principals and they presented the Staff with a check for \$10 thousand on February 27 as earnest money for a future check of \$340 thousand to cover all known and estimated amounts owed to the City as of February 4. An escrow was established on March 25 to cover the \$340 thousand owed the City and \$500 thousand to pay other current liabilities to general creditors.

The partnership requested a change of name to James Romano and Victoria Pines Country Club, Inc. from Romano-Ivaldi-Nielsen, because their lawyers felt that this would provide better limitation against outstanding current liabilities and the lenders who were going to finance the new partnership required the lease

## SUNOL VALLEY GOLF AND RECREATION COMPANY (Continued)

to be in the name of Romano and a corporation. The PUC was paid \$200 thousand which was deposited to the City's account, and an irrevocable escrow of \$140 thousand was established, payable on June 28 for approval of the lease transfer by the PUC on May 28.

On June 28, the escrow check of \$140 thousand was deposited, but was not honored. The City Attorney undertook legal actions resulting in a preliminary "notice to quit" on August 8.

On August 29 a formal "notice to quit" was served on Mr. Romano and he was evicted from the premises.

The lease then reverted back to Ivaldi under the conditions that had prevailed prior to the amendments of February 13.

Mr. Ivaldi has taken full charge of the premises since resuming the lease and has paid the City all of its back and current rents and taxes. The City has been made whole, except for the expense involved in the law suits, and from present indications the rentals will start increasing as the courses regain their former prominence, as indicated by the payment to the City of \$3.4 thousand for the past month's rent.

It appears that most of the difficulties and troubles are over and through the conservative management presently being shown by Ivaldi the operation should grow progressively successful. By the elimination of about three-quarters of 100 plus employees and their attendant wages the expenses of the operation have been reduced to a level which should return a net profit under most adverse conditions.

The prospects for the future appear to be bright and that the Staff's insistence on keeping Ivaldi involved and responsible was the correct way of handling the situation, although the intervening steps to final solution were highly questionable and sometimes not to the City's best interests.

### RECOMMENDATIONS:

- 1) That General Manager Crowley be censured for allowing the rent to get so far in arrears before taking definite action and for the bad management evidenced in the subsequent proceedings.
- 2) That Assistant General Manager Dr. Christensen be censured for accepting checks, other than certified or cashier's, and for not determining that sufficient funds were on deposit to honor them, both as to payment checks and deposit for escrow, and also for the bad management evidenced in the negotiations.

SUNOL VALLEY GOLF AND RECREATION COMPANY (Continued)

- 3) That PUC President Flynn be censured for his lack of leadership in not informing the other commissioners of the developing situation and for not aiding in a solution to it.
- 4) That the City Attorney's office be censured for its failure to properly monitor and advise the Staff prior to and during negotiations.
- 5) That further investigation be made by an appropriate body of the City which employs or has access to trained investigators and accountants in the actions and accountability of Anthony Romano, Max E. Johnson, William Dorsey and the Full Service Escrow Company.

Melvin S. Springer, Chairman  
Public Utilities Committee



## COLLEGE COMMUNITY BOARD

The primary objective of the San Francisco Community College District's educational programs is to contribute to the improvement of the quality of life in San Francisco.

The San Francisco Community College District is successfully fulfilling its traditional mission - that of preparing students for upper division and graduate work. This accomplishment is reflected by the fact that 1,500 City College of San Francisco graduates are transferring to state universities and to the University of California and are meeting with academic success.

Dr. Louis F. Batmale and his staff are continuing to develop new programs and delivery systems through the Community College Centers. The Centers offer a rich variety of classes for the adult population which are ungraded, college classes which are graded, and technical educational courses which prepare students for entry level employment and job upgrading.

The District's ability to manage its organization in an efficient and fiscally responsible manner is best illustrated by the fact that it is 10¢ under its permissive tax ceiling, and it has been able to relieve the local taxpayer of some of the burden of education by shifting more costs to the State through timely legislation (i.e., pay-as-you-go, 10 year capital construction plan).

The total permanent certificated and classified staff of the District numbered 1125 in 1973-74. The total cost of educating a student in the San Francisco Community College District in 1973-1974 was \$1143.66. The elected seven-member Governing Board votes upon all aspects of District business. However, the Chancellor, administrators, instructors, advisory committees, students and the people are all a part of the decision-making process in the San Francisco Community College District.

The Committee commends the Community College District for its growing and continuing dialogue with the community, prudent management, and success as a post-secondary educational system.

George Alferitz, Jr.

Joseph W. Vaultz

Joyce Marie Cirimelli, Chairman

## DEPARTMENT OF SOCIAL SERVICES

The function of the Department of Social Services, with the help of other community resources, is to provide financial, medical and social services to all eligible persons in San Francisco. Implicit in this function is the right of every person to apply for assistance and the responsibility of the Department to explore the needs of every applicant to determine, and acquaint him with the services he may require and to which he may be eligible.

The Social Services Commission has adopted as its philosophy: ... "the right of every individual to achieve and maintain personal dignity and, within the framework of the law and custom, to exercise full self-determination; the right of all persons to fair and equal treatment; every person's responsibility to support himself and his family to the extent of his capabilities; the responsibility of the Department of Social Services as an agent to society to work for the prevention and eradication of conditions conducive to financial and personal impoverishment and dependency."

The Department administers a variety of programs, which include General Assistance, Aid to Families with Dependent Children (AFDC), AFDC Boarding Homes and Institutions (BHI), Cuban Refugees & Repatriates, Aid to Potentially Self-Supporting Blind (APSB), Medical Needy Only, Medically Indigent, and Food Stamps. The Department is staffed by 1600 permanent employees and 200 temporary employees. Mr. Kenneth Bryan was recently appointed General Manager.

Total Expenditures during fiscal year 1973-74 were \$125,410,937. This was \$16,538,334 less than the 1972-73 expenditures, resulting from the transfer to the Federal government as of January 1, 1974, of the administration of the adult public assistance programs. Of the amount expended 49.45% were Federal funds; 27.90% State funds; 22.53% City & County of San Francisco funds; and .12% private funds. An average of 99,396 persons per month during the first six months, and 64,468 during the second six months of the fiscal year received \$106,098,005 directly or indirectly through the Public Assistance programs, representing 84.60% of the total public assistance disbursements.

The operating costs for the administration of the Public Assistance programs were \$14,126,735, representing 11.26% of total expenditures. These costs were shared as follows: Federal - 54.82%, State - 13.91%, City & County - 31.27%. The cost of all other welfare programs was \$5,186,197, representing

## DEPARTMENT OF SOCIAL SERVICES (Continued)

4.14% of the total expenditures.

Of the programs administered by the Department of Social Services, Aid to Families with Dependent Children and the Food Stamp Program are the largest. The AFDC Program aims to meet the basic financial and medical needs of deprived children and their families, and enable the parents to maintain a home for their children. Its basic goals are to prevent dependency when possible, and to restore those who are dependent to the maximum degree of self-sufficiency and to preserve and strengthen family life by helping people overcome financial and social problems. Needs of the family are determined by the State Legislature for each family size, and this amount less any net non-exempt income, is issued to the eligible family by warrant in two installments payable on the first and fifteenth of the month. Upon request, the family may be certified to the Food Stamp Program.

The Food Stamp Program currently handles approximately 7500 cases per month. The Program is a joint responsibility of the Department of Agriculture and the Department of Health, Education & Welfare, and is administered locally under the supervision of the State Department of Benefit Payment. The benefit from the program to the low-income and public assistance household is derived from the bonus feature which, by voluntarily participating in the program, enables families to buy approximately 30% more food each month. Families and individuals eligible to participate must prepare the majority of meals at home and for those not receiving assistance, eligibility requirements include ceilings on cash assets and income. Those eligible must purchase a specified amount of food stamps each month, the amount determined by the number of persons in the household and monthly income. Specified values of additional stamps are then issued to these persons free of charge with the cost of the additional stamps met by the Federal government.

The Department also administers several specialized services for adults, among them the Single Men's Rehabilitation Center, which this Committee visited. SMRC, operated by the Department in Redwood City on the San Francisco Fish and Game Refuge, is a residential center for General Assistance clients who have social and medical problems related to alcoholism. The center provides nutritious food, clean surroundings, regular hours of sleep, medical and dental care, and productive occupational and recreational activity for this group of men. The typical SMRC resident is a chronic alcoholic who accepts placement upon applying for General Assistance or after receipt of aid. Referral to SMRC may be through one of the center's community outreach programs, such as the San Bruno Jail, the San Francisco Courts, or the Neighborhood Center as an alternate to incarceration for alcoholics.



## DEPARTMENT OF SOCIAL SERVICES (Continued)

SMRC's Court and Jail projects referral to the center has saved the City & County sums of money comparable to the center's annual budget. This Committee was impressed with the manner in which SMRC is run, and we feel it is a very worthwhile project.

This Committee feels that Mr. Bryan and his staff are doing a very commendable job under the most trying circumstances. While the caseload of the Department of Social Services has increased substantially in the past five years (from 12,000 to 20,000 only two new staff positions have been approved in the same period. The demand for services continued to increase. We feel a dangerous situation is created when clients become frustrated and tired of waiting, as evidenced by bomb threats and physical assaults on workers in the past year at the AFDC Office at 965 Mission Street. There is an obvious and immediate need for increased security. This Committee feels that the additional staff requested by the Department in the 1975-76 budget is justified. However, in light of the financial situation of the City & County we realize that few, if any, new positions will be approved. This is unfortunate since the lack of sufficient staff to handle the ever increasing caseload seriously jeopardizes the safety of City employees. It is our hope that, if nothing else, at least the temporary staff will be given permanent status in the near future.

Joseph W. Vaultz

Mrs. Deborah C. Goldstein, Chairman

## THE PUBLIC UTILITIES COMMISSION

The Public Utilities Commission consists of five members appointed by the Mayor, who are responsible for the three public utilities departments of the City, namely: the Water Department, the Municipal Railway and the Hetch Hetchy Water and Power Department.

The Commission meets in public session every second and fourth Wednesday afternoons, at which time department heads and staff submit resolutions for approval for the operation of their departments, e.g., expenditure of money, approval of contracts for construction, approval of leases for grazing land or land development, purchase of equipment and supplies, setting of rates for water, electricity and transit fares, setting of schedules and routes of transit lines and many other functions vital to the operation of the departments.

Presently, the sums being expended by the Commission are \$130 million, budget, and \$290 million, construction. Much of the construction funds are on a matching basis, 80% Federal and 20% City.

The Commission also makes money for the City by the sale of water and electricity and the leasing of watershed lands. These funds are as follows:

	1974-75	1975-76
To General Fund (Millions)	\$1.0	\$2.05
Muni Support	3.3	4.7
Water Furnished	1.6	1.6
Power Discounted	4.0	4.6
Total Return to City	<u>\$9.9</u>	<u>\$12.95</u>

General administrative duties are performed by the staff which is under the direction of General Manager John D. Crowley, Secretary and Assistant General Manager Thomas G. Flynn and Assistant General Manager and Assistant General Manager, Finance, Dr. John M. Christensen, Jr., who was instrumental in negotiating the Federal matching funds for the construction program.

In order to correct operating procedures and leasing methods that were found to be ineffective and deficient the Commission has recently adopted Resolutions numbered 74-0391, 74-0392 and 74-0427 wherein procedures for the Water Department's bid process to lease property under its jurisdiction are:

THE PUBLIC UTILITIES COMMISSION (continued)

1. Negotiation of a lease will be limited to situations where there is only one interested party (e.g., right of way leases) or under special circumstances where it will be in the best interest of the department as approved by the Commission. The Commission shall be properly informed whenever there is only one bidder on any lease, negotiated or otherwise.
2. Proposals for all leases, whether bid or negotiated, will be solicited from interested parties and the highest responsible and responsive bid will be submitted to the Commission for approval.
3. All leases will continue to be reviewed and approved by the City Attorney.
4. All bidders shall furnish the appropriate department head information regarding personal background, personal and bank references, financial statements and evidence of experience which demonstrates ability to perform the terms of the lease. This information will be submitted to the Public Utilities Commission for the recommended lessee together with the department's report of its independent investigation. A Dun and Bradstreet Report will be secured, if appropriate.
5. Successful bidder will furnish a Faithful Performance Bond or equivalent in a sum consistent with the terms of the lease.

In lieu of the bond hereinabove provided, lessee may deposit with the City a certified check, cashier's check, United States Government Bonds, or a bank passbook or certificate of deposit assigned to Lessor, in a sum equal to the amount of the performance bond.

6. Lessees, other than those on a flat fee rental, will provide financial statements, attested by a certified public accountant as presenting fairly the lessee's financial position, within 60 days after close of each calendar or fiscal year as selected by the lessees and consistently applied.



## THE PUBLIC UTILITIES COMMISSION (continued)

7. And in negotiations of leases for the Hetch Hetchy Water and Power and Municipal Railway by the Director of Property, the department head will furnish the General Manager and Public Utilities Commission a quarterly report listing all leases delinquent in rent payment during the previous three months with comments regarding the delinquency.

There has been much criticism from some news media and columnists concerning some of the leases entered into by the PUC. A brief commentary regarding them will follow, but due to time limitations an in depth study in each case could not be made. Perhaps these can be taken up by a succeeding Grand Jury or an existing department of City government whose function is to make such investigations.

### WALNUT ORCHARD

Revenue from the Walnut Orchard has decreased to approximately \$10,000 per year. The reason given for loss of revenue is that the trees were growing old and not producing, were becoming diseased and needed to be systematically replaced. The lessee could or would not replace the trees under the lease percentage that he was operating, so it was necessary to find a new lessee and to grant a more favorable percentage to the new lessee. Also, the nut dehydrator plant was inoperative and needed replacement, so the new lessee is doing all dehydration of the nuts in his own plant, thereby relieving the City of building a new one.

### SANTA CLARA SAND AND GRAVEL COMPANY

The Santa Clara Sand and Gravel Company leased 50 acres of land for the purpose of harvesting gravel in 1960. Subsequent leases added 65.5 acres and extended the termination dates.

The company proposed to develop the excavated area into an approximately 100 acre lake for recreational purposes. This was subsequently modified to a 20 acre lake.

Due to number of troubles which were encountered construction is behind schedule.

Some of those troubles were unavoidable and unforeseen. The relocation of Alameda Creek has been delayed due to difficulty

## THE PUBLIC UTILITIES COMMISSION (continued)

in satisfying the protection of P.G. & E. facilities which have crossing rights, innumerable revisions of the engineering plans to more effectively channelize the stream bed, the high water table of the past few years, the release of water from Calaveras Dam required to reconstruct the dam, and an earth slide of adjacent property which infringed on City property, including the new channel, and which is the subject of litigation which has effectively stopped any further work until it is adjudicated by the Court.

Rents collected from January, 1961 through January 1975 have run from a low of \$21,400 to a high of \$119,200 for a total rental of \$994,000 plus \$68,300 tax repayment to the City or a total payment of \$1,062,300.

## SUNOL VALLEY GOLF AND RECREATION COMPANY

The Sunol Valley Golf and Recreation Company is the subject of a separate report.

## MUNICIPAL RAILWAY

For many years the San Francisco Municipal Railway, or as it is better known, the Muni, has been the subject of much criticism and innumerable suggestions as to how to improve its operation and reduce its operating costs.

The Muni is the major revenue producing operation of the City which requires a subsidy from taxes to keep it in operation.

Its budgets have been as follows:

<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
\$59,901,425	\$64,109,697	\$73,715,453

It, also, is the department that is most in contact with and visible to the public. Hence, any deficiencies, commissions or omissions are easily apparent and bring down upon it a torrent of criticism and abuse.

To put things in proper perspective, one should recognize that the Muni

---carries 120 million revenue passengers per year

## MUNICIPAL RAILWAY (continued)

- carries 55 million transfer passengers per year
- runs over 25 million vehicle miles per year
- operates 2.5 million vehicle hours per year
- operates on 70 routes covering almost 764 line miles
- employs 2900 people, including 1900 operators
- has 115 trolley cars
- has 535 motor coaches
- has 39 cable cars
- in 49 square miles with 680,000 people is
  - within 2 blocks of 80% of the population
  - second to New York in percentage of people riding
  - first in the country in revenue passengers per employee
  - first in the country in vehicle hours per inhabitant
  - first in the country in revenue passengers per mile of service

For many years the Muni has been handicapped by an insufficient maintenance budget, inadequate space for storage and maintenance of vehicles, lack of replacement of obsolete vehicles and equipment, and low morale of transit workers, together with many other problems. One such problem was that the system was being run by a temporary acting General Manager with an insufficient staff.

Now, things are looking brighter, and improvements should be noticeable, practically on a daily basis, in the future.

Following are some of the reasons for this optimism.

A permanent General Manager has been appointed, namely Curtis E. Green. He is eminently qualified for this position, having been with the Muni in many capacities over a long period of civil service employment. He understands the employee's problems and, in the vernacular, speaks their language. He has many innovative ideas and has already instituted some, all to the betterment of the railway.

A complete staff has been appointed to assist the General Manager. This has resulted in better control and administration of the various functions of the railway, as the responsibility for each is with the respective staff member.



## MUNICIPAL RAILWAY (continued)

A full complement of 1900 operators has finally been achieved and all have been issued new uniforms, both of which have greatly improved morale.

A retraining program for operators has been started and all operators must go through a 3 day refresher course. About half of the operators have completed the course, at this time.

A training course for supervisory personnel has been established and all supervisors will be required to take the course, which will instruct them in public relations with the general public and the employees under their supervision, proper supervision of employees, how to handle complaints, and many other subjects incidental to their duties.

The sum of \$290 million, (\$67 million city matching funds included) has been made available for new equipment and construction, and rehabilitation and repair of existing equipment and structures. Under this program the Muni will become practically a new system with the resultant higher efficiency and fewer troubles.

Some of the major features of the above expenditures are:

- 343 new trolley coaches
- 100 new motor coaches
- 100 LRV transit cars (Light Rail Vehicles)
- 3 cable cars
- 25 - 30' mini buses
- 400 existing motor coaches overhauled (2 year period)
- rerailing tracks and new catenaries for LRV's
- rerailing tracks and rehab of machinery and structures for cable cars
- completion of track and catenary systems in the new Market Street subway
- rerailing of tracks, new catenaries and repairs to cracks, etc. in existing tunnels
- new Forest Hill station
- Metro Rail Center and storage yard

## MUNICIPAL RAILWAY (continued)

- John M. Woods Motor Coach Center repair facility and storage yard
- diagonal parking of vehicles
- 14 new rectifier sub-stations
- acquire and rebuild 4 P.G. & E. rectifier sub stations
- radios for coaches and cars
- base station radio equipment
- computer system (TIMS)
- undergrounding D. C. feeders
- 1100 fare boxes for vehicles and pneumatic fare extraction stations at various Muni divisions
- 56 passenger shelters and various loading islands

The completion of the system is going to take a long time, so one should not expect to see total results of such a large expenditure of money for perhaps two or more years. Some of the large contracts have not yet been awarded. Delivery of the LRV's will not be made until early 1976. Due to unavoidable delays, some of the work under construction has been held up and the completion dates have been extended a number of times. Also, one must keep in mind that unlike BART this is an existing, operating system, the service on which must be maintained with the least inconvenience to the Muni patron and to other vehicle and pedestrian traffic. The result is that many installations must be duplicated or relocated, the new installation completed and then the temporary one removed, thereby increasing the total time of completion to a considerable degree.

When the "new" Muni is completed, it should be the best in the nation, if not in the world. This "new" Muni could not be attained without the assistance and cooperation of

- San Francisco Municipal Railway
- Hetch Hetch Water and Power
- Urban Mass Transportation Administration (UMTA)
- Transit Equipment Program (TEP)

## MUNICIPAL RAILWAY (continued)

---Transit Improvement Program (TIP)

---System Improvement Program (SIP)

Results of the new Muni management are already discernible. Some important changes are

---inauguration of \$11.00 Fast Pass

---Senior citizen 5 cent universal fare and \$2.50 Fast Pass

---handicapped persons new fare structure

---transfer privileges enlarged

---transfer forms reduced in number from approximately 65 to 4

---civilian security guards, equipped with radios, placed aboard some vehicles

---route changes to improve and expedite service

---improved attitude of operators in demeanor and driving habits

---improvement in appearance and dress of operators

---the imagination shown in the "Muni loves you", etc., advertising programs

This committee commends all who were instrumental in the improvement shown to date and it is hopeful that improvements will continue and grow in the future. It also expects better service throughout the City upon completion of the system.

Most complaints against the Muni will have been rectified upon completion of the system, but the committee would like to suggest that

---an adequate budget be granted to provide for required spare parts and for additional mechanics to be employed to expedite repairs in order to keep enough vehicles on the street to keep the full complement of 1900 operators working

---proper maintenance be provided on the cable car systems to keep underground cable channels and pulleys clean and oiled in to eliminate excessive drag, which causes the cable to stretch more rapidly - thus shortening its life and requiring earlier replacement - and which overloads the electric drive motor, causing it to draw more current - which means additional KWH of electricity used - and which



## MUNICIPAL RAILWAY (continued)

very recently contributed to the burn out of the motor and its subsequent rewiring

---more motor coach engines be sent out to be rebuilt by private contractors, thus effecting a saving of about \$1 thousand per engine

---repairs to windows and seats be made immediately so as to not advertise the vandalism and suggest it to other vandals

---100 or more existing trolley coaches be rebuilt and used on new or extended lines

---electric trolley coaches replace motor coaches on certain lines, especially those with steep hills, and that electric catenary wiring and underground feeders be installed to accommodate said coaches.

Although the installation of electric catenary wiring and underground feeders would cost about \$250 thousand per mile, it is the opinion of this committee that it would be beneficial to the City to establish the suggested electric trolley coach lines because

---electric trolley coaches cost much less to operate

---electric trolley coaches operate more smoothly and efficiently and climb hills easily

---electric trolley coaches require less maintenance

---electric trolley coaches cost less to repair

---electric trolley coaches last many times that of motor coaches

---electric trolley coaches are quiet and don't contribute to noise pollution

---electric trolley coaches do not use hydro-carbon fuels and do not contribute to air pollution

---oil derivative fuels will become prohibitively expensive and scarce

---electric trolley coaches would use some of the "excess" electricity generated by Hetch Hetchy, at very low cost

To close on a happy note, we learned that when the operators were brought up to full strength, 1900, not only did service improve, but the budget was reduced due to a less number of overtime premium pay hours.

## SAN FRANCISCO WATER DEPARTMENT

The San Francisco Water Department supplies clear, tasteless, and odorless water to San Francisco and surrounding communities at a comparatively low cost.

Recently, an attempt was made to raise the rates by 20.5 percent for suburban users and 14.5 percent for City users. This was challenged in the U. S. District Court by some suburban users who claimed that the differential in rates was discriminatory. The Court decided in favor of the plaintiffs, but ruled that it would allow a 17.4 percent increase if it was applied uniformly.

Up to the time of the increase in rates, an average user paid at approximately the same rate as when the water system was purchased 45 years ago from the Spring Valley Water Co. This has been accomplished by good management, economical operation and steadily increasing water sales.

The funds derived from the rate increase are needed to meet increasing costs due to rising prices and inflation, and to help fund a capital improvement program required to continue to provide adequate service to all users.

Prior to 1963 the City used over 50 percent of the water, but since that time the suburban users have steadily increased their usage until, at present, their proportion of use is approximately 62 percent and the City's 38 percent.

The department controls a vast empire, there being approximately 75,000 acres under its control. Of these, approximately 30,000 acres are revenue producing.

Some of the uses of the lease or permit rental lands are for outdoor recreational use, a country club with 2 golf courses, a walnut grove, a tree farm, a rock quarry, cattle grazing, sheep grazing, and a right of way and parking area for a motel.

The public press has been highly critical of the handling of the leases of the country club, the walnut grove and the rock quarry discussion of which will appear in the P. U. C. report.

The method of leasing grazing land has been changed from that of negotiation to the public competitive auction bidding and has resulted in nearly all instances in a 100 percent increase in lease rental.

SAN FRANCISCO WATER DEPARTMENT (continued)

Major construction performed for the Department was

- Crystal Springs Balancing Reservoir and Pumping Station which will store 60 million gallons of Hetch Hetchy and filtered water during periods of low usage, and will return the same to the system during periods of peak usage - completion nearly 100%.
- centralized data acquisition and control system for the City Distribution Division, the first phase of a plan ultimately centralize operations control for the entire City and suburban system - completion about 50%.
- Sunol Valley Water Filtration Plant enlargement to double present capacity of 80 MGD to 160 MGD - completion nearly 100%.
- strengthening of Calaveras Dam by the addition of 520 thousand yards of rock fill embankment - completion 100%.

Members of the Grand Jury who visited the shops, the Peninsula Watershed, the Sunol Valley Watershed, the Calaveras Dam and the Sunol Valley Filtration Plant were impressed with the immensity of the Department's operations and were made aware of some of its complexities and problems.

Budgets have been as follows:

<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
\$21,432,432	\$23,625,377	\$25,149,951

This committee commends General Manager Frye and his staff for the efficient and businesslike manner in which they conduct this operation.

This committee is opposed to the wage rates and working conditions paid to craftsmen. They are not construction workers and should not be paid double time for overtime. They should work on a shift basis with the usual percentage paid for the second and third shifts. We recognize that this matter is not within the jurisdiction of the Water Department staff, but we felt it must be noted.

This committee recommends that adequate employees be furnished to fill critical positions so as not to impair proper functioning of the Department.



## HETCH HETCHY WATER AND POWER DEPARTMENT

Hetch Hetchy Water and Power Department extends from beautiful Yosemite National Park to San Francisco and way points. It has many functions. Part of it even has another name, Bureau of Heat, Light and Power.

Hetch Hetchy collects and stores water in reservoirs behind 6 dams.

It releases falling water in huge pen stocks that feed into hydro-electric dynamos, in 3 power houses, which generate up to 339,000 KVA of electricity.

It transports the water thru approximately 75 miles of tunnels and 50 miles of huge pipes to a point at which it sells the water to the Water Department, which then becomes responsible for further delivery of the water into its system of lakes and reservoirs.

It transports electricity over its high voltage lines to Newark where the P.G. & E. transforms the voltage to a lower one and then transports the lower voltage electricity into San Francisco where it is wheeled to various City buildings, the Water Department, the Muni Railway, Street lighting, the International Airport, etc. Customers of high voltage electricity are served at various points along the Hetch Hetchy transmission line. Two of these 5 or 6 customers are the Modesto Irrigation and Turlock Irrigation Districts.

It installs and maintains the electric trolley system, feeders and rectifiers, all at no cost to the Muni railway. It also furnishes electric power for Muni electric vehicles at the trolley wire as well as all other Muni electrical requirements at a reduced rate.

Its Bureau of Light, Heat and Power administers contracts for furnishing electric, gas and steam services to municipal departments and handles monthly billings. The Bureau also administers contracts for furnishing street lighting services and for operation and maintenance of City-owned street lighting.

Hetch Hetchy, during the 1974-75 fiscal year, will provide support to the City in the amount of \$8.3 million, broken down as follows: Muni support, as described in a previous paragraph, \$3.3 million; Power, \$4 million; and \$1 million declared surplus and transferred to the General Fund.

Hetch Hetchy estimates that during the next 1975-76 fiscal

HETCH HETCHY WATER AND POWER DEPARTMENT (continued)

year, it will provide support to the City in the amount of \$11.35 million, broken down as follows: Muni support, \$4.7 million; Power, \$4.6 million; \$2.05 million declared surplus and transferred to the General Fund.

Budgets have been as follows:

<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
\$20,780,423	\$21,482,076	\$21,600,613

This Committee commends General Manager Oral L. Moore and his staff for operating the department in such an economical and efficient manner and for the esprit de corps shown by the employees.

Hetch Hetchy has asked for permission to raise its rates commensurate with the P.G. & E., but met with much opposition from Airport and other private customers, who threatened a law suit to settle the matter.

Last year, there was a suggestion that the City acquire the P.G. & E. distribution system in San Francisco. Many reasons were given as to why it should be, and several suggestions were made as to how it could be taken over. While it would be nice if it could be done, the suggestion is idealistic and impractical. P.U.C. General Manager Crowley's letter of August 16, 1974 amply rebutted why it should be taken over, and P.G. & E. Division Manager John H. Black's letter of August 21, 1974 definitely answered the several suggestions of how it could be taken over with a flat refusal of any takeover.

One important phase of a takeover has been overlooked - that of the wage structure and working conditions which the P.G. & E. and the City work under.

The P.G. & E. electrical employees belong to Local Union #1245, I.B.E.W.; the City employees belong to Local Union #6, I.B.E.W., and a comparison of the wage scales, not including fringes, based on 1974 rates, are as follows:

HETCH HETCHY WATER AND POWER DEPARTMENT (continued)

ELECTRICIAN - LINEMAN

WAGES - BASIC		P.G.&E.		CITY
Per Hour		\$ 7.255		\$ 10.65
Per Day	8 hours	58.04	7 hours	74.69
Per Week	40 hours	290.20	35 hours	373.45

To work a 40 hour week - City -  $35 + 2 \frac{1}{2} \times 2$  40 hours \$426.00

Line Subforeman - P.G.&E. - multiply base wage by 1.0866

Foreman - City " " " " 1.125

SHIFT WORK - (Weekly)

	P. G. & E.	CITY	
1st shift	Base	Base x $35 + 2 - \frac{1}{2} \times 2$	=40hrs.
2nd shift	Base + .20 hr.	Base x $35 \times 1.0625 + 2 - \frac{1}{2} \times 2$	=42.19hrs
3rd shift	Base + .30 hr	Same as 2nd shift	=42.19hrs
Overtime	Base x $1 - \frac{1}{2}$	Base x 2	
After 16 consecutive hrs.	Base x 2	Base x 2	
Emergency	Base x 2	Base x 2	
Sat. & Sun.	Same as Shift	Base x 2	

One must keep in mind that P. G. & E. is a 24 hour around the clock operation and certain departments must be manned at all times.

We don't guarantee the absolute accuracy of the quoted rates, but they should be close enough for one to make a comparison and judgment as to the City takeover of P. G. & E.

Miss Joyce M. Cirimelli

John G. Kamena

Melvin S. Springer, Chairman



## THE MAYOR

### SUMMARY

Joseph L. Alioto is in the final six months of two 4-year terms as Mayor of San Francisco. Charter Section 9.101 prohibits a third consecutive term.

During 1974-75, the Mayor has continued his national leadership efforts in voicing the cause of the cities. As an outgrowth of this, San Francisco has maintained a more aggressive involvement in the complexities of obtaining grants and the new inter-relationship of Federal, State and City funding.

In local affairs, particularly after the Port/Pacific Far East Lines events, the Mayor's ability to gain the confidence of the community was impaired. This was aggravated by continued controversy over commissioners who appeared to have conflicts of interest.

The Grand Jury sees the need for:

- 1) Renewed public confidence in our officials which can only come from assurance that the community's interest is placed above political and special interests.
- 2) A return to the unglamorous but crucial task of administering the day-to-day planning and operation of City services.
- 3) Leadership in organizing major "break-throughs" in problem areas that hamper department performance and City government.

### THE FUNCTION OF THE MAYOR

Some say that any Mayor of San Francisco is held responsible for everything and has control of nothing. It is certainly true that our Charter inter-relates the powers of the Mayor, the Chief Administrative Officer, the Board of Supervisors, the Commissions, the City Attorney, and so on.

Yet the Mayor does have specific, delineated powers under the Charter. The Mayor:

## THE MAYOR (continued)

- 1) Is the "Chief Executive Officer of the City".
- 2) Is responsible for the "review and submission of the annual executive budget".
- 3) Shall "supervise the administration of all departments under boards and commissions appointed by him" (including most of the major boards and commissions).
- 4) Shall "Coordinate and enforce cooperation between all departments of the City & County."
- 5) Shall "appoint such members of boards and commissions and other officers as provided by this charter."
- 6) "Shall be responsible for the enforcement of all laws relating to the municipality... he shall examine, without delay, all complaints relating to the administration of the affairs of the City and County".

The Mayor's effectiveness to a great extent, is determined by his skill in making full use of these specific powers wherever they touch upon aspects of City government.

## PROGRAMS FACING THE MAYOR

The City of San Francisco felt the increased cost of dealing with urban problems before 1968, but the root causes have had more impact since then: demands by citizens for more services; demands by city employees for higher pay and retirement benefits; inflationary pressure on the goods and services the city buys; all against the exodus of jobs and the middle class to the suburbs.

The Federal Government, in part due to Mayor Alioto's prodding, has increased assistance to the cities, along with state increases in subventions. This has blunted some of the financial effects. Yet these cost increases to City and County government still fall heavily on San Francisco residents and local business:

THE MAYOR (continued)

City Revenues

Estimate of Sources:

(In Millions of dollars)

	<u>1963-64</u>	<u>1967-68</u>	<u>1972-73</u>
Residents and business	\$ 149.1	\$ 189.4	\$ 302.8
State contributions	19.1	28.7	69.4
Federal contributions	20.4	30.9	92.5
City Charges-Public services	<u>27.6</u>	<u>47.8</u>	<u>63.5</u>
Total	\$ 216.2	\$ 296.8	\$ 528.2

Even disregarding the local nature of the State and Federal contributions, the direct local payments to City government rose 27% from 1964-68, and 60% from 1968-1973.

Property taxes, affected by both re-assessments and higher tax rates, may show a \$60 million increase in 1975-76 alone, if the assessment rate is not lowered substantially below the projected \$12.75 level. Clearly, the residents are faced with even greater increases if help for the cities levels off.

Meanwhile, San Francisco may have exhausted most sources of funds. The following breakdown gives an indication of the problem.

PER CAPITA EXPENDITURES\*

	<u>1968</u>	<u>1973</u>	<u>Increase</u>
All California Counties	\$ 143	\$ 270	\$ 127
All California Cities	<u>92</u>	<u>146</u>	<u>54</u>
Total	\$ 235	\$ 416	\$ 181
San Francisco	\$ 390	\$ 734	\$ 344

\*All figures exclude schools.

San Francisco is carrying these increases in government cost without an expanding population or job market and with sluggish economic growth.

Population	1968-73	down	5%
S.F. Employment	1968-73	down	8.9%



## THE MAYOR (continued)

### Retail Sales Growth

1968-73\*

Alameda County	up 44%
San Francisco	up 20%
San Mateo	up 63%

\*Consumer price index rose 26%

Today, while the City needs services badly, many of its residents are having difficulty contributing to the cost of those services: 100,000 residents receive Food Stamps each month; another 100,000 are retired on fixed incomes, and unemployment hovers around 11%.

To stabilize the City and have its "liveability" improve, our economic resources must be used with the greatest care and planning.

### BUDGET, FINANCIAL, AND PLANNING

One of the most visible results of proper administrative leadership, should be effective budgeting and planning systems for all departments.

To effectively monitor the performance of City departments, a system of goals, and performance standards, is necessary. In addition, a planning element is needed to allocate expected resources against the needs of the community.

The City of San Francisco seems to have no planning capability and no basis for judging the effectiveness of the departments. Emphasis is solely on patching up the immediate problem rather than anticipating future requirements. George Grubb is a knowledgeable budget director, but he is not supported by sufficient operating data, planning, and follow-up reports, or the support needed to face up to politically strong departments.

We suggest the following non-charter changes be made:

- 1) That funding for an established Planning & Budgeting Office be instituted as an addition to George Grubb's present office. This office would be responsible for:

#### Planning

- a) Development of planning format and procedures to aid every budget entity in producing a 5-year plan for that unit. These plans should reflect the projected needs, capabilities and requirements of that department, as

## THE MAYOR (continued)

well as the policies of the department head. These should then be reviewed, altered, and approved by the Mayor, CAO, and Board of Supervisors.

- b) Every department should develop objective criteria by which it measures the performance of its various operations, both financially and by tasks accomplished. For example, the police department might measure effectiveness of force utilization by comparing the hours spent on patrol work to the total hours.
- c) A summarized reporting system should measure monthly performance against plan both for financial aspects (from budget) and operating results (did they accomplish what they said they would). This also permits the budget staff to determine trends that might indicate lower needs during that year. If the demand for services is running below planned, then some lessening of expenditures should occur. Currently funds received in appropriation by departments are not re-evaluated unless additional manpower is requested.
- d) The Mayor and CAO must put heavy emphasis on the planning done by departments, and support the planning staff. Operating reports should be reviewed and department heads questioned about variances that arise.
- e) Within the Planning & Budget Staff, an individual should be responsible for developing cost and performance criteria from other Cities and Counties. This can be done by exchange of budgets, review of financial reports, and so forth. From this, San Francisco can develop a comparative basis to see which of its departments are economical and well-managed, and which are not. Neither the Mayor nor the Board of Supervisors has such information now.

A "standardized" type of operation that illustrates this type of comparison is the following summary of the coroner's office in Denver and San Francisco. They both do administrative, medical and investigative work. The results:

	<u>DENVER</u>	<u>SAN FRANCISCO</u>
Bodies processed	3,000/yr.	2,500/yr
Cost	\$307,000	\$560,000
Personnel	16	31

## THE MAYOR (continued)

Even in such a basic service, this broad view is not specific enough for conclusions to be drawn. But, if the figures for half a dozen other counties were also included, a valid judgment on our performance could be made.

Within more complex departments, the duties and conditions may differ somewhat. Still, even prior to getting full details, the comparisons are interesting:

### FIRE DEPARTMENT COMPARISON 1974-75

	<u>S.F.</u>	<u>Denver</u>	<u>San Diego</u>
City Population	680,000	516,400	756,000
Property value-real	12,100.mm	6,075.mm	9,800.mm
Area covered	49 sq. mi.	95 sq.mi.	391 sq.mi.
Fire stations	46	34	34
Firemen empl.	1,837	933	750
Cost/year-dept.	\$50.4mm	\$17.2mm	\$15.8mm

It is hoped that a Planning & Budget office would be able to provide full comparative details and recommend areas of cost savings. A logical out-growth of this comparative work would be an effort to study particular areas of city operation for major improvements in cost effectiveness and service. The departments tend to gain from such objective data, too; if a department is shown to be well-run and economic, there is less of a tendency to question each request for equipment, etc.

## Budget

While real improvement in budgeting will come from planning, performance criteria, and more muscle to help the budgeting staff make the hard decisions that are politically difficult, there are short-term improvements in budgeting that would also help the City:

- a) Major cost saving proposals should be given special priority if they are subject to measureable proof of success. These proposals should be separately detailed with the actions that will result in savings specified. Follow-up reports should then be required to determine if the actions were taken to realize the savings, and if not, why the results didn't materialize.



## THE MAYOR (continued)

- b) More detailed comparison should be made of the savings in putting more work out to private bid. We can phase out areas that are more expensive than the private sector either by attrition or transfer of personnel.

These changes should not have large administrative cost with the exception of the Office of Planning and Budget, itself. Operating reports, forward plans, performance criteria, and a forecast of future demands should be a part of every department's operation. It should simply be a matter of bringing these criteria to bear on budgeting and reporting matters.

In addition to these immediate changes that do not require Charter revision, a Charter Amendment is certainly called for in the area of line item appropriation.

The continuing discussions of program budgeting have brought most of the advantages and disadvantages to light. One drawback of program budgeting for the City, is the lack of operating reports, planning, and comparative performance data which is the groundwork for good program budgeting. This should be solved as shown above, while program budgeting legislation is in process.

In addition to the usual arguments for program budgeting, we have seen some peripheral problems with the line-item approach.

- 1) The Board of Supervisors finds itself mired in financial review by item to the detriment of policy-program review which is its proper concern.
- 2) Departments "pad" their budgets to allow for contingencies - since needs are not always fully determined at budgeting time.
- 3) Line-item budgeting's inefficiency and lack of flexibility gives a department head a built-in excuse for poor performance. Program budgeting makes the departments ultimately responsible for maximum use of their resources as conditions change during the year.

Finally, program budgeting ties into proper planning. Emphasis is on what the program is, what resource groups will be required (people, equipment, contractual services, etc.) and the performance result to be achieved.

Two less far-reaching proposals are currently under civic consideration for possible submission to the voters:

## THE MAYOR (continued)

- 1) That the Mayor and Board of Supervisors be given authority to raise as well as lower or reject any general budget item, and may add new items.
- 2) That a minor percentage of appropriated funds for contractual services, materials and supplies, equipment, etc., except personal services, may be transferred within the department. Such transfers would require board or commission approval, or the CAO's approval.

These proposals would add more responsibility to the Mayor and Board of Supervisors who should share the ultimate accountability for the budget. And flexibility in department spending should improve responsiveness and efficiency.

## "Federal Grant" Budgets

Mayor Alioto's staff has been instrumental in assuring a full share of categorical grants in past years. These were grants that the Federal government allocated for specific, limited programs: Model Cities, Code Enforcement, Redevelopment, and so forth.

The new block grant programs are intended to replace these specific (categorical) grants. Instead, a Community Development and Housing program is submitted to the Department of Housing and Urban Renewal (HUD). The Mayor then becomes responsible for the control of all those project funds, and reports are required by HUD quarterly.

An indication of the success on the City's behalf is the current situation with block grants. By allocation based on population, overcrowded housing, and poverty levels, San Francisco would receive about \$12 million. However, a "hold harmless" provision allows the City no less than its average categorical grant funding from 1968-72. This jumps San Francisco's grant funds to \$28.6 mm for 1975.

The success of San Francisco in this area of Community Development funds can be seen by the following:

### Community Development Funds

San Francisco	\$ 28.6 mm
Oakland	12.7 mm
San Jose	6.5 mm

THE MAYOR (continued)

Sacramento	\$ 3.7 mm
San Diego	9.1 mm
Los Angeles (city only)	38.0 mm
Fresno	10.0 mm

Grants such as this block grant from HUD have been traditionally separate from the budgeting of general funds within departments and offices. They were specific purpose, supposedly "closed-end" projects with little flexibility allowed.

Today's block grant money is far different. For example, Community Development funds are limited only to proposed uses that are oriented around helping protect living areas (housing, environment, economic opportunities) in moderate to low income areas. General purpose public buildings are excluded, as are uses formerly financed through local means.

This means that Community Development Projects can be -- and should be -- carefully coordinated with budgeting and planning processes for general funds.

In addition, the old categorical grants are potentially unlimited in number, while block grants have specific dollar ceilings. This provides extra incentive for proper review of the viability of block grant proposals. This should include careful cost scrutiny of capital improvements, as well as policy questions.

Within separate Federally funded agencies, a coordinated program of planning is also vital. While the Economic Development Office is trying to find suitable land for a project, the Community Development Office may have possibilities for re-development action for industrial use. Coordination becomes all important.

The Office of Community Development already works closely with City Planning to make sure that proposals from its participating offices meet City Planning future objectives. Meanwhile, City Planning has made strong overtures to become more economic and funds-flow in its approach.

Our limited review of the office of Community Development suggests that earlier proposals for its consolidation with Department of Planning be carried out. It would then be possible for the Community Development staff to coordinate closely with Planning Department objectives, much in the way the Capital Improvements have been handled. The economic analysis unit might also operate best under the longer-term focus of the Planning Department.



## THE MAYOR (continued)

This would make the Planning Department the main repository of longer term planning and capital improvements for the City. The Office of Community Development would review and rank proposals consistent with the Planning Department, all HUD requirements, and Mayor-CAO-Department plans for achieving departmental objectives.

This would leave these "operating" agencies under a Deputy for Development, directly under the Mayor:

- Redevelopment Agency
- Model Cities (until phase-out)
- Housing Authority
- Economic Development
- Manpower
- Clearinghouse
- Criminal Justice

The most important factor in getting maximum efficiency from Federal grants and City funds is departmental forward planning. As the Mayor charts department expectations, the department can then put together a five year program that includes any Federal grant fund possibilities. After review in the budget area, these projects could be analyzed for applicability to various block grants (Criminal Justice, Community Development, Manpower, etc.).

Within Federal grant programs, the City must be aware that successful programs will depend upon general fund financing for continuation. Thus it is important that grant programs fit the particular department's longer-range plans and the Mayor's policies.

## 1975-76 Budget Problems

The Mayor's submission of the 1975-76 Budget to the Board of Supervisors was made with the knowledge that it was substantially higher than projected revenues. The Mayor's office suggested that the Board of Supervisors find further line-item cuts.

The Grand Jury Committee feels that the Mayor's Staff has access to those departments, either directly or through the CAO, and should be initiating these reductions. The Board of Supervisors, being a legislative and policy board, should determine revenues available, isolate programs that could be cut back, de-fund certain programs, and then return the budget to George Grubb's

## THE MAYOR (continued)

budget office to have the line-item cuts made.

We are also concerned about the continued deferral of maintenance and capital improvements in the City. This is a very short-sighted approach to City Management. We pay the price in increased labor and materials to hold together equipment and other assets that should have been replaced or properly maintained. And failure to maintain our assets results in faster wear and more frequent replacement. The Mayor and Board of Supervisors must share responsibility for this.

### Supervision of all Departments Under Boards and Commissions appointed by the Mayor

The Grand Jury Committee has found that the departments operate with very little, or no, supervision from the Mayor's office. Once a department has contended with the budget process, and possibly supplemental requests, there is no performance review.

Since the Mayor is the only supervision over some of these commissions and boards, lack of executive review can be costly. During the Port crisis, the Mayor announced that, for years, he had left direction of the Port to Cyril Magnin, the Chamber of Commerce, and SPUR. The Charter makes no provision for such an approach to administration. Similarly, the police and fire department have no regular reporting procedure that measures performance.

The Mayor's supervision must extend to prompt, full inquiry when problems arise. The Sunol Valley Golf Course lease to Tony Romano should have resulted in a full inquiry and prompt resolution. The Mayor was in the position to deal directly with the Commissioners and the Public Utilities Staff. This immediate disclosure of all events was especially desirable since, the Mayor later proved to be peripherally involved in the lease assignment.

Turning to supervision of the departments as a group, there is strong evidence that better control would substantially lower costs. For example, despite repeated proclamations of a hiring freeze at City Hall, employment has risen to an all time high:

THE MAYOR (continued)

S.F. CITY AND COUNTY

EMPLOYMENT

(Permanent, temporary, and Public Service)\*

1972	18,599
1973	18,873
1974	18,739
1975	21,077

\*excludes Muni and schools

Even without the addition of Public Service employees, during 1975, total employment still would have expanded by almost 500 people. This has helped to put upward pressure on the department budgets. Payroll increases for the largest departments in the City have increased 32% in only 2 years:

PAYROLL EXPENSE\*

(Depts. with \$10 million annual operating budgets)

	<u>Actual 1972-73</u>	<u>Prelim. 1974-75</u>	<u>Increase*</u>
Fire Dept.	39,317	48,962	+24%
Police	43,904	57,025	+30%
Social Services	13,154	18,959	+44%
Laguna Honda Hosp.	11,905	14,269	+19%
S.F. General Hosp.	21,328	26,132	+23%
Comm. Mental Health Centers	4,879	8,143	+65%
Rec. & Park (Gen)	12,147	14,671	+21%
Muni	39,728	59,167	+49%
S.F. Water	<u>9,215</u>	<u>11,617</u>	<u>+26%</u>
	195,577	258,945	+32%



## THE MAYOR (continued)

\*Does not include wages of approximately 500 Public Service Employees added to these departments during 1974-75. (cost: \$4,000,000)

It is critical that increases in wages be consistent with increases in the private sector when measured on a reasonable basis, and that they be reasonably balanced between all City Employees.

The Mayor should also review the possibility of performance review and efficiency rating for employees, a procedure that is automatic in larger private, and most public, concerns. Merit raises could be tied to this evaluation. In addition, training for supervisors is extremely limited today. Nighttime programs, where the City pays 50-100% of enrollment, have not been well attended. Perhaps the schools could be utilized for brief, daytime supervisory courses, both for new supervisors and as a refresher for senior personnel. This could be done on a 4 or 5 year cycle, and would certainly payoff in improved performance and morale.

The Mayor's agencies dealing with Federal funds (Model Cities, Community Development, Economic Development, Criminal Justice, Manpower, etc.), are generally smaller and have the capability of closer contact with the Mayor's Deputy for Development, Jack Tolan. Even so, the Criminal Justice and the Manpower Agencies have on-going programs that are reaching the point where outside evaluation of effectiveness is needed. These agencies tend to be so involved in the mechanics of their efforts - and the administrative reporting required by the government - that performance review may be neglected. Perhaps these groups, even though Federally funded, could be included in the planning and reporting systems referred to previously.

### Appoint Members of Boards and Commissions and Other Officers as Provided in Charter

The Mayor has the responsibility of appointing, some with and some without confirmation, certain members of boards and commissions. Those not requiring confirmation he can remove at will.

In addition, the Mayor appoints certain individual appointive officers.

### Commissioner Appointments

One advantage of the system of "citizen commissioners" is that it assures the public that it is represented and in a position to guide City government. The Mayor's appointments, however, have tended to dissipate commissioner respect due to continuous brushes with conflict of interest.

## THE MAYOR (continued)

In 1974-75, questions have been raised regarding conflict of interest concerning Joseph Mazzola, Harry Bridges, William Coblentz, Robert Costello, John Sutro, George Evankovich and Clement R. Johnson. The important point is not whether these men have a legal conflict of interest. Rather, individuals selected as commissioners and members of boards should be free of the "borderline" status that brings forth public questioning. Only then is public confidence maintained.

The committee does not feel that there is a shortage of commissioner talent even when the conflict of interest provisions are rigorously maintained. Rather, it is clear that even some of the commissioners who have come under question could have served on other commissions within the City. There are several commissions with no labor union conflicts: Civil Service, Recreation and Parks, and Housing Authority do not happen to be among those commissions.

In addition to propriety, the commission system could be strengthened by some additional changes:

- 1) Mayor Alioto has been responsive to concern for adding more women on commissions by increasing their representation during 1974-75. However, further improvement is justified and representation should extend to the important commissions such as Fire, Police, Public Utilities, Port and Airport.
- 2) While 25% of the City residents are in the 26-44 age group, only a handful of commissioners are under 45 years old. We would recommend that future appointments emphasize widening of the very predominant 50-75 age bracket.
- 3) Commissioners have often stated how little time they have to devote to commission business, due to other civic interests, personal business, travel, etc. We recommend that prospective commissioners be advised of the substantial hours necessary to fill these positions effectively.

The City has many qualified citizens who are capable of rigorous review of the department's work, and who have no potential conflict, however remote. Utilizing these resources would do much to restore confidence in our commission system.

### Mayor's Staff

Personnel in the Federally-funded appointive agencies seem to be a generally impressive group. Most have considerable past experience in their areas and are considered good administrators



## THE MAYOR (continued)

by those at the Federal level who monitor the programs. These eight agencies directly employ approximately 175 people.

The Mayor's direct staff is relatively small for the responsibility of day-to-day contact with City operations. John DeLuca, Executive Deputy throughout the Mayor's term, has been important in these operations, and as a guide to the Federal maze in Washington, D.C. In addition to this direct staff, the Mayor has several hundred more people who are assigned to various agencies under the Mayor. These include CETA (Public Service) people, and others working under Federal grant funding.

### Other Personnel

One personnel problem of the future may be an outgrowth of a present opportunity. Based on our unemployment level, the City has been allocated special Public Service funds to hire unemployed workers for city service. The jobs must be normal entry-level pay with a maximum wage of \$833.00 per month. And the jobs are to augment City hiring, not replace workers lost in City layoffs, etc.

Beginning in this 1974-75 fiscal year, the City has embraced this program with a passion. By June 1975, we added 2,397 public service employees, of which 1,968 were serving in non-school City positions. This is about 9% of the City workforce!

Under encouragement from the Department of Labor, funds were used to hire as many people as possible, with confidence that Congress would keep this high level of workers funded during 1975-76.

Latest indications are that Congress will not be able to provide anywhere near the \$20 million a year that we need to keep these people employed. Best estimates are that we will fall short by some 10 to 12 million dollars.

In addition to the difficult question of handling the probable layoff of 1,200 people, some further questions should be considered:

- 1) What results have been accomplished by increasing the work force of the City to this extent, this quickly?
- 2) Would better planning have shown us that the expectations for 1975-76 funding would not exceed 10 million dollars?
- 3) Is it against Department of Labor regulations for the City to selectively cut its workforce - even by attrition- as long as any of these public service workers are employed?



## THE MAYOR (continued)

The question of temporary employees should also be considered in all of its ramifications. Many permanent employee slots in the City are filled by temporary workers - workers that do not get fringe benefits of any kind. These workers will usually stay with the City until a permanent job with full benefits comes along; then they will leave. They need hospitalization, retirement plans, etc. Paralleling the growth in temporary employees has been an increase in employee turnover. This whole problem should be studied with the following considered:

- 1) No one in the City has an accurate count of how many temporary employees we currently employ.
- 2) Does utilization of temporary personnel in permanent slots end up more costly due to turnover, etc?
- 3) Is the increase in utilization of temporaries a result of discontent with the Civil Service procedures?

## Co-ordination Enforced Among Departments

The Mayor has the prime responsibility for coordination among the various City offices and departments. This may include transfer or re-distribution of functions between departments.

An example of opportunities for more effective inter-department coordination is in the area of employee numbering for identification. At present, Civil Service, Retirement System, and Health Service System use different numbers to identify employees. A common system - most logically the social security number - would save cost and time.

Lack of coordination does not seem to be a major problem in the day-to-day operations of the City. Rather, it is in the area of improvements and major overhaul of our procedures that co-operation seems to break down. These areas are covered below.

## Leadership of City Government

There are many areas where the energy of the Mayor could be instrumental in initiating major change in our City government. No one will argue with the conclusion that San Francisco's government procedures are antiquated in many areas. Our year long review has left us disappointed that no innovative, imaginative changes are occurring. We are not catching up.

These are some of the areas where leadership by the Mayor is the necessary catalyst:

## THE MAYOR (continued)

- 1) Program budgeting as reviewed earlier.
- 2) The "Rule of 3" has been endorsed by every department interviewed, and yet fails to be enacted as an Amendment to Charter Section 8.329. The effect on performance and department morale would be immediate.
- 3) The EDP Center has not been successful in accomplishing computerization of the payroll process. This requires specific action by Civil Service, EDP, the Controller, and perhaps the Board of Supervisors. The Mayor is in a position to bring these groups into concerted action.
- 4) Departments have frequently complained that unsatisfactory employees are very difficult to terminate after the probationary period. This reaches the point where departments maintain poor workers rather than struggle with the termination process. The Mayor should review this whole procedure, make sure that Civil Service is aiding department performance, and monitor the results.
- 5) Study of our deferred maintenance/capital improvement programs to see how costly the continued delay in proper maintenance is becoming. Immediate steps should be taken to regain the longer-term perspective and protect and extend the life of our capital plant.

## Board of Supervisors

The Grand Jury has found that the Mayor, as Chief Executive Officer, should speak out strongly on important issues before the Board. Too often, particularly on wages, the Mayor has not supported a policy of restraint. The Board of Supervisors has shown little willingness to withstand the annual wage pressure of the police, fire, and muni. With the help of the Mayor, they might. With the Mayor supporting a 6 1/2% maximum increase for all workers this year, there is hope for some restraint now.

## Leadership of the Community

In community leadership, the advantage of the Mayor's forceful and dynamic personality has been substantially offset by community mistrust. This year, the question of conflict-of interest in the Pacific Far East Lines situation has been particularly damaging. The personal relationships between the Mayor and Commissioners Driscoll, Bridges, Rudden, Vannelli, and the proposed Syufy, combined with the PFEL purchase, may have prevented the Mayor from exerting leadership on the Port problem. The fact that the Mayor's role in the PFEL negotiations and purchase was exposed



## THE MAYOR (continued)

slowly over time, increased the public's suspicions.

As with the Commissioners, the question goes beyond legal conflict of interest to the question of satisfying ethical standards. Bernard Orsi, interim Port Director, was aware of this when he reflected on the fact that the public was not rallying around the Port. As a close advisor of the Mayor, Mr. Orsi couldn't overcome the natural skepticism of the public.

The Mayor's public endorsement of Propositions H and M on the last ballot is another example of the need for economic leadership. These propositions involved very expensive benefits for the Police and Fire Departments that would be difficult for the City to afford. With the very favorable retirement provisions already enjoyed by Police and Fire, miscellaneous employees would be dismayed by having the gap grow larger. Yet the Mayor endorsed the propositions, allowing his name to be used as a sponsor. Their subsequent passage will add as much as 100 million dollars to City costs over the next five years! Retirement costs to cover police and fire have doubled in three years!

## Leadership - State and National

Mayor Alioto has continued to play an important role at the state and, more particularly, national level, in espousing the cause of the cities. As a result, he has kept San Francisco in the national focus, and has been in the forefront in proposing, fighting for, and anticipating success in new city programs at the Federal level. San Francisco has been ready to institute each of these programs as they are enacted. This has also caused other City departments and offices to look for Federal grants and programs that would be beneficial. While generally this is a positive sign, the future problems with Public Service employees indicate that more control and planning is necessary. The Clearinghouse Agency may prove effective in this regard.

It should be noted, that most future funding in this Federal area will be strictly proportional: for example, in Community Development it is based upon population, extent of crowding in housing, and poverty levels. This will have the effect of diluting the advantages that San Francisco gained by prompt and effective requests for help. In addition, the prior concentration of major cities will be diffused somewhat by the proportional coverage of counties, too. In short, there will be less support for San Francisco.

It is unfortunate that the same staff that sought out so many grants for the City, failed to make the Port aware of its grant possibilities. It appears that at least \$18 million could have been obtained in matching grants for new construction.



## CONTROLLER

In late 1974, Nathan B. Cooper retired after many years of service as Controller of the City and County of San Francisco.

The importance of this position in the financial and budgetary areas cannot be over-emphasized. Both in day-to-day control and as an advisor, the independent counsel of the Controller is a major factor in City affairs.

This year's Grand Jury has recommended that the Electronic Data Processing Department be removed from the Controller's jurisdiction. This change is covered fully under the "Central EDP" report, but involves the multiplicity of functions now performed in the EDP area: Few of these functions involve the Controller's Department.

In addition, we feel that the daily operations of the Controller's area leave little time for procedural innovations that might accomplish:

- 1) Complete investigation of all Controller functions with related department activities (purchasing, inventory management points, department reports) so that the Controller's financial inputs to EDP will be directly adjusting other accounts.
- 2) Review of the Controller's personnel procedures to determine updating of this department.

In order for the new Controller, John Farrell, to accomplish these goals, we recommend the authorization of outside systems analysts to aid in this procedure. The improvements from modernizing this department should offer cost savings and faster compilation of financial results.

## CENTRAL EDP

### SUMMARY

The Electronic Data Processing operations of the City are headquartered in City Hall as the "Central EDP" department under the Controller. Central EDP also includes management of the Utilities Computer facilities which are under Water Department budgeting. In addition, the Port, the SFUSD, and the Community College operate EDP facilities independently.

Central EDP has expanded its services rapidly and has seen a substantial budget expansion as well.

	<u>1972-73</u>	<u>1974-75</u> <u>(prelim.)</u>
Total budget	\$6,447,770	\$7,671,726

The Grand Jury feels that, despite efforts by the Central EDP staff, the City is still not getting its money's worth out of this operation.

To do so, reporting responsibility should be changed, projects analyzed and coordinated, overall systems integrated, and hardware utilization increased.

### EDP FUNCTIONS

The Central EDP workload can be separated into on-line and batch work operations.

On-line operations are those which operate within momentary response, always from a terminal, and in the case of the City, usually a remote keyboard terminal.

In the on-line phase of the operations, the important current usage is:

#### 1) Police Department

This system uses about 25% of capacity, 24 hours/7 days.

## CENTRAL EDP (continued)

### 2) Management/Accounting Functions

The FASTER system provides the on-line input and retrieval of budget, accounting for encumbered funds, City hospital, Social Services, etc. It uses about 35% of day-time capacity, but operated 8-5 p.m. only.

### 3) TSO - Time Sharing Option

Includes the programming efforts of the EDP staff. It is using about 30% of day-time capacity and operates only 8-5 p.m.

### 4) Remainder - of daytime shift, only about 20% of capacity is available for other uses, while night-time and weekends is free for batch work except for the police department's use.

## BATCH WORK

Batch work defines the EDP operation that involves a specific job turned in to be run in other than "real time", and normally having overnight or 24 hour turn-around. Jobs include:

### 1) Payroll

Much of the payroll system is not written in language "native" to the present system. It is written for previously owned machines. This requires the use of an emulation mode with its substantial inefficiencies in use of computer resources.

In addition, payroll processing is not integrated back to any great extent; for example, time rolls are still manually processed for employees served by Central EDP.

### 2) Food Stamps

Currently processing to serve 100,000 people, this system uses a substantial share of the facilities.

### 3) General Accounting

Specialized areas such as inventory, voter registrations, billing and accounts payable are run through this system.



## CENTRAL EDP (continued)

### CURRENT UTILIZATION

The peak load on the computer systems occurs on the month end closing cycle (approximately 5 days). During that time, systems are 100% utilized. Smaller peaks occur in weekly intervals.

Other than the month end peaks, 20-25% excess capacity exists when viewed on a weekly average, with a good deal of this excess available on weekends.

### PROGRAM IMPLEMENTATION

One cause of department dissatisfaction with the performance of EDP can result from the poor condition of the manual system that is to be computerized.

For example, in the traffic ticketing system, the manual system had broken down due to quantity of data to be processed. When computerization was attempted, they had a huge backlog of unprocessed data that had to be brought up-to-date. The result was, once updated, the court calendar also had to be computerized to manage the higher volume. Before automating, it is important to have a full grasp of the probable effects on all operations related to the change.

### RECOMMENDATIONS

- 1) While Central EDP started under the Controller's department, it has now become a utility serving many departments, some more heavily than the Controller's. Thus it should be placed under the CAO as an established department.
- 2) EDP must develop performance standards and meet the levels consistent with production shop firms. Operations should be evaluated as to:
  - a) Level of equipment utilization.
  - b) On time performance within budget.
  - c) Number of reruns and rerun hours to production hours total.
  - d) Whether all production jobs are completely production status and handled only by operations personnel.

It should be the first priority of the EDP priority Committee to determine, at whatever cost necessary, the performance

## CENTRAL EDP (continued)

of the department under these type standards. Otherwise, it is virtually impossible to determine current capability, and thus to evaluate EDP management, or plan future operations.

- 3) A senior systems analyst must work at a level where he can understand individual department needs and integrate those needs into a comprehensive EDP system. At present, almost every operation is isolated for a single purpose.

We would recommend that this senior analyst be placed under a new Planning and Budget office reporting to the Mayor, where involvement in the full adaptation of EDP to department operations is possible.

- 4) Budgeting must be aware of the limitations in reducing EDP budgets. Cuts should be made only by eliminating programs. The partial reduction of allocations - 10% cuts for example - are impractical in an EDP operation. If the conclusion is that individual programs are inflated in cost, then EDP management should be held responsible.
- 5) Central EDP is operating under severe staff handicaps due to the low salaries paid to their staff. Review should be made to make these personnel be approximately equivalent to private industry. This will stop excessive turnover, and the loss of better personnel to higher paid spots.
- 6) Within on-line systems, the Committee recommends elimination of the separate on-line executives for each if the major systems and consolidation under a common executive. This will better utilize memory resources and terminals.
- 7) Physical arrangements are poor, both in location and in the division of workforce. The basement of City Hall has disadvantages due to danger from flood and lack of expansion. Further, the programmers are maintained in an office a block away, with obvious access shortcomings.

## FUTURE DIRECTIONS

The advent of systems analysis to the integration of all department EDP functions, along with other recommendations here, should improve utilization of equipment.

Future effort should also concentrate on making certain systems all inclusive: vehicle maintenance programs for all cars,

CENTRAL EDP (continued)

whether under shops, muni, utilities or whatever, could be served by a common program.

Long range EDP planning should assume eventual centralization of all EDP in a new facility. Utilities continues to plan for an independent existence, but maximum value would come from eventual integration.

Finally, the Utilities request to UMTA for a grant to purchase a new computer seems to have a conceptual flaw: Justification of "sole source" purchasing from IBM was predicated upon the advantage of a backup to Central EDP. However, it appears that Muni's non-virtual memory system is incompatible with EDP's virtual memory system, so no backup advantage would be gained. We thus recommend open competitive bid for this installation, and revision of the grant request to so state.

Albert A. Biagini

Mrs. Ida May Brown

John G. Kamena

Keith E. Doerge, Chairman



## BOARD OF EDUCATION

San Francisco Unified School District has many unique characteristics which cause it to differ from most school districts of California. It is the only district in the state which incorporates the elements of a city and a total county into a single school district. As a result of the complexities of the organizational structure, the District is faced with city charter and county administrative regulations, in addition to the regulations imposed on other school districts.

San Francisco Unified School District is a basic aid district which has been experiencing significant increases in assessed valuation in recent years. While the assessed value of the District has been increasing, a major contributing factor to its present financial crunch is the advent of Senate Bill 90 - the Property Tax Reform Act of 1972. Under Senate Bill 90 and Assembly Bill 1267 (1973), the amount of taxes that can be raised to support the educational program is fixed. That is, the amount of taxes that were raised in 1973-1974 per unit of Average Daily Attendance sets a limit on revenue bases for A.D.A. for 1973-1974 and each year thereafter. (Provision is made for an inflationary factor increase in subsequent years.) The effect of this bill is that the tax rate no longer may be increased to provide additional spendable funds to the school district. In simple terms, the financial limitations that have been developing in the District since the 1973-1974 fiscal years are now of serious magnitude.

The Committee readily acknowledges that it is a new-comer to the field of educational policy and has decided not to become embroiled in pro and anti-busing arguments, the debate over centralized or decentralized school administration, and the controversy surrounding bilingual and bi-cultural instruction. Rather, it is with the basic elements of fiscal policy, pupil population trends, San Francisco's high per pupil expenditure and poor student achievement standards, organizational change, and administrative management in mind that we proceeded with the study of the San Francisco Unified School District.

From 1960 to the present, the San Francisco Unified School District (hereinafter referred to as SFUSD) lost 21.5% of its students. The population of the City declined 9.2% during the same period. It seems apparent that many parents moved their children from public schools to private or parochial schools within San Francisco. Many others left the City seeking better public schools in the suburbs.

BOARD OF EDUCATION (continued)

HOW IS YOUR SCHOOL SYSTEM ORGANIZED?

There is an Elementary Division of 103 schools:

- 57 Primary Schools
- 39 Intermediate Schools
- 2 Combined Primary and Intermediate Schools
- 5 Special Schools

There is a Junior High School Division of 18 schools:

- 17 Junior High Schools
- 1 Unity School

There is a Senior High School Division of 11 schools:

- 8 Senior High Schools
- 1 Trade and Industrial School
- 1 Opportunity School
- 1 Downtown School

HOW MANY STUDENTS ARE THERE IN YOUR SCHOOL SYSTEM?

The total student population is down 4280 from last year and 7417 fewer than Fall 1972. A breakdown of active enrollment statistics shows:

In the Elementary Schools (K-6)	35,439
..a decline of 2063 from last year	
In the Junior High Schools (7-9)	17,263
..a decline of 1399 from last year	
In the Senior High Schools (10-12)	18,596
..a decline of 780 from last year	
In the Special Schools	1,177
J. O'Connell Day <u>Adults</u>	<u>565</u>
SFUSD TOTAL...	73,040

The conditions which have brought about this decline could be the subject of entire volumes on the District's organization; its relationships with students and parents, and other city agencies; the failures of busing; education in general; its lack of evaluation of personnel and present tenure policies.

BOARD OF EDUCATION (continued)

HOW MANY PEOPLE ARE EMPLOYED IN YOUR SCHOOL SYSTEM?

While total student enrollment has been declining, for the seventh consecutive year, the staff of the school district has been increasing. In 1960, the SFUSD had 3906 certificated (teaching) employees serving 92,734 students. Today, it maintains:\*

TEACHER

Teachers - SFUSD	4267	
Federal and State Project	474	
Subtotal - Teachers	<u>4741</u>	4741

OTHER STAFF

Principals, Assistant Principals, all field personnel (certificated)	224	
Superintendent, Associate and Assistant Superintendents, and other administrative personnel	81	
Classified personnel	1526	
Para-professionals (Full-time)	1482	
Subtotal - Other Staff	<u>3313</u>	3313
		Totals 8054

\*(As of April 30, 1975)

Over 85% of school district's budget is committed to personnel. Administrators earn an average salary of \$22,740 per year. One-fourth of the City's teachers earn top scale - \$17,115.

The Office of Budget and Planning (in February of this year), using California Agency for Research in Education Document Number 16, December 1973, prepared the following comparative data available with other unified school districts and the "Big Five" districts -

1973 ADMINISTRATION COST

<u>City</u>	<u>\$/Per Pupil</u>
San Francisco	\$53.48
Oakland	\$37.91
Long Beach	\$35.69
Los Angeles	\$29.86
San Diego	\$28.66



BOARD OF EDUCATION (continued)

1973 PRINCIPALS' SALARIES

<u>City</u>	<u>\$/Per Pupil</u>
San Francisco	\$65.03
Oakland	\$45.47
Long Beach	\$43.51
Los Angeles	\$36.44
San Diego	\$40.03

1973 TEACHERS' SALARIES

<u>City</u>	<u>\$/Per Pupil</u>
San Francisco	\$812.86
Oakland	\$594.49
Long Beach	\$567.40
Los Angeles	\$506.60
San Diego	\$527.94

1973 TOTAL INSTRUCTION COST

<u>City</u>	<u>\$/Per Pupil</u>
San Francisco	\$ 1,130.98
Oakland	\$ 849.30
Long Beach	\$ 770.33
Los Angeles	\$ 696.88
San Diego	\$ 748.56

ADMINISTRATOR AND TEACHER TENURE

Administrators in the San Francisco School District stopped winning tenure in their managerial positions in 1971, when voters changed the City Charter. Administrators already holding such a position (presently 224) got to keep the tenure and by law they will hold their jobs for life. They can be fired only for sufficient cause; gross misconduct or incompetence.

Teachers are also protected by tenure. For the first three years a teacher is on probation and can be terminated very easily. After that three year period, the teacher can be fired, but again, only for gross misconduct or incompetence. Poor performance, in and of itself, is not sufficient cause for termination. As a practical result, once SFUSD teachers gain tenure, even the most incompetent are protected. For example, fewer than 10 SFUSD teachers have been fired in the last 30 years!

## BOARD OF EDUCATION (continued)

The Grand Jury feels that tenure has outlived its purpose. Strong Teacher Unions now protect teachers from dismissal for arbitrary or personal reasons. The Committee recommends that the Board of Education and senior administrators consider strongly a public position opposing tenure. More importantly, we urge that voters, and especially parents, make their concern known to State officials. We must be able to remove teachers who are not capable of, or willing to, teach our children.

## STAFF EVALUATION

Parents, who believe their children are not receiving the best in quality education, and taxpayers who find that their dollars are producing less and less each year, are calling for the adoption of rigorous evaluation systems. In California, this cry for accountability produced a State law passed in 1971 (the Stull Bill) which requires development of uniform systems for the evaluation of all certificated personnel in public schools K-12. So far, however, the bill has had little effect in improving the evaluation procedures used by SFUSD.

The Grand Jury recommends that serious consideration be given to an overall program of staff evaluation; since only by that means can the requisite incentives and standards for improved performance be created. As a first step, the Board of Education should articulate its expectations for the staff in a detailed and comprehensive way. Development of such performance guidelines should be achieved by staff independent of the Superintendent's office. The Superintendent, armed with the Board's directives, could and should develop specific job descriptions and priorities for all employees. These descriptions should be regularly updated to provide the criteria for periodic written evaluations. Personnel decisions, including the discharge of ineffective or incompetent staff, should reflect the findings of these evaluation reports.

Hopefully, if tenure is eliminated, this process of staff evaluation would assure some semblance of effectiveness and cause an increase in the District's productivity.

As noted, even in 1973 San Francisco's total instruction program was more expensive than the programs of Oakland, Long Beach, Los Angeles and San Diego. Today, San Francisco's total instruction program costs have risen to \$1602 per pupil, and can go as high as \$2200, depending on the type of services required. The return on SFUSD's investment - measured by the achievement of its students on standardized tests - is among the lowest. Although the results of reading tests and other examinations have been widely publicized in San Francisco, the facts warrant reviewing.

## BOARD OF EDUCATION (continued)

### STATEWIDE

Over 80% of California's sixth grade students read at a higher level than those in San Francisco.

### NATIONWIDE

San Francisco sixth graders read and do math only at the level of fifth graders.

The disparity between pupil expenditure and pupil achievement prompted the creation of the Riles Commission. Students have been promoted from one grade to the next, regardless of whether they were prepared to go on to more difficult learning situations. Describing the problem is easy; identifying the solution is considerably more difficult.

San Francisco is plagued by the same kinds of problems that beset every other urban school district:

- disruptive schoolroom behavior;
- teachers unable to relate to inner-city children;
- lack of parental or peer support for academic achievement;
- truancy;
- high drop-out rates, and
- violence directed against pupil and teacher.

Learning does not thrive in turmoil, nor in an atmosphere of intimidation. The Committee places the blame in the home; the failure of parents to inculcate respect for teachers and school sites. As there is discipline to life and living in a society of men and women, so must there be a discipline in the life of a school. Unless order is restored in the schools, everything else seems pointless.

### THE SCHOOL BOARD

The Board of Education is not without blame itself. The Board violated common sense, the law, and the recommendation



## BOARD OF EDUCATION (continued)

of Superintendent Morena when it adopted a deficit budget last August.

The elected seven Board members are under great political pressure to go beyond the policy-making role for which they were chosen and involve themselves in the day-to-day operation of the schools. This creates chaos and undermines the effectiveness of the Superintendent of Schools. Many of the key subordinates have well-established pipelines to individual members of the Board, and use those pipelines effectively to further circumvent the Superintendent.

The resignation of Steven Morena must give us all pause. Dr. Morena is now the fourth Superintendent to leave in less than ten years. The Board has diverted its energies to the difficult task of finding an experienced and competent successor - one willing to tackle not only the grave fiscal and academic problems confronting the schools, but to do so under the conditions Dr. Morena found overburdensome.

The Board needs to do a number of things - foremost of which is to take a less active role in the management of the District. It must agree to hire the Superintendent and then let him administer. If the Superintendent fails, the Board should fire him.

The Board must also make some firm personnel policy decisions. It must decide, for instance, that the number of central office administrators now on the job are not needed and ways must be found and agreed upon to reduce their numbers.

The Board must also agree to vest more budgetary, personnel, and administrative authority in the school site administrators - the principals. Without more authority to guide the destinies of their schools, the principals cannot be held accountable for failure to educate. Finally, the Board must resolve to bring some sanity back to its regular Tuesday evening meetings. It is hard to perceive any rational judgments being made other than accidentally in such circus-like atmosphere.

One pressing problem which the SFUSD faces can be resolved through Charter Revision. Many vendors in the Bay Area refuse to sell to the SFUSD because of delays in receiving payment. Teachers often complain of supply shortages, poor quality and excessive lead-time for requisitions. In order to take advantage of larger sport purchases, and to reduce the time needed to process requisitions, the District should be free to make purchases independent of the City Purchaser's Office, as required by the City Charter. Not only is purchasing adversely affected, but

BOARD OF EDUCATION (continued)

substantial instructional programs as well.

We recommend that the Board of Education, the Riles Commission, and the Board of Supervisors consider these recommendations and Charter modifications as part of the overall effort at school reform.

George Alferitz, Jr.

Joseph W. Vaultz

Joyce Marie Cirimelli, Chairman

A P P E N D I C E S



# SAN FRANCISCO UNIFIED SCHOOL DISTRICT

## GENERAL FUND Expenditure Appropriations Program Level III

	1972-73 Comparative Budget		1973-74 Comparative Budget		1974-75 Comparative Budget
<b>INSTRUCTION</b>					
Basic Education	\$ 52,767,145 ( 42.46%)		\$ 54,966,351 ( 43.74%)		\$ 55,620,530 ( 42.34%)
Special Education	5,706,070 ( 4.59%)		6,522,910 ( 5.19%)		6,945,598 ( 5.29%)
Bilingual Education	1,421,907 ( 1.15%)		2,264,056 ( 1.80%)		2,379,414 ( 1.81%)
Special Programs	4,370,714 ( 3.52%)		5,311,128 ( 4.23%)		5,002,692 ( 3.81%)
Summer Programs - Basic	141,730 ( 0.11%)		385,967 ( 0.31%)		603,287 ( 0.46%)
Summer Programs - Other	115,191 ( 0.09%)		169,891 ( 0.13%)		264,045 ( 0.20%)
	<u>\$ 64,522,757 ( 51.92%)</u>		<u>\$ 69,620,303 ( 55.40%)</u>		<u>\$ 70,815,566 ( 53.91%)</u>
<b>INSTRUCTIONAL SUPPORT</b>					
Instructional Supervision	\$ 6,818,552 ( 5.49%)		\$ 7,007,845 ( 5.58%)		\$ 7,029,518 ( 5.35%)
Instructional Media	1,672,652 ( 1.35%)		1,771,484 ( 1.41%)		1,722,175 ( 1.31%)
Curriculum & Staff Services	345,566 ( 0.28%)		292,124 ( 0.23%)		239,877 ( 0.18%)
Planning, Research & Evaluation	381,987 ( 0.31%)		467,623 ( 0.37%)		326,874 ( 0.25%)
Inservice Training	43,984 ( 0.03%)		57,769 ( 0.05%)		58,124 ( 0.04%)
Special Instructional Support	289,622 ( 0.23%)		208,753 ( 0.24%)		273,495 ( 0.22%)
	<u>\$ 9,552,363 ( 7.69%)</u>		<u>\$ 9,905,598 ( 7.88%)</u>		<u>\$ 9,650,663 ( 7.35%)</u>
<b>PUPIL SERVICES</b>					
Health	\$ 76,822 ( 0.06%)		\$ 137,465 ( 0.11%)		\$ 116,399 ( 0.09%)
Guidance & Counseling	1,676,318 ( 1.35%)		1,871,452 ( 1.49%)		1,651,679 ( 1.26%)
Psychological Services	382,015 ( 0.31%)		462,167 ( 0.37%)		514,933 ( 0.39%)
Attendance	491,788 ( 0.39%)		503,175 ( 0.40%)		529,176 ( 0.40%)
Social Work	408,453 ( 0.33%)		449,106 ( 0.35%)		513,915 ( 0.39%)
	<u>\$ 3,035,396 ( 2.44%)</u>		<u>\$ 3,423,365 ( 2.72%)</u>		<u>\$ 3,326,102 ( 2.53%)</u>
<b>GENERAL SUPPORT</b>					
Educational Administration	\$ 1,236,863 ( 1.00%)		\$ 1,400,058 ( 1.11%)		\$ 1,261,064 ( 0.96%)
Fiscal Services	1,283,381 ( 1.03%)		1,413,517 ( 1.12%)		1,399,039 ( 1.06%)
Personnel Services	535,272 ( 0.43%)		515,208 ( 0.41%)		558,747 ( 0.43%)
Other General Support	20,878,315 ( 16.80%)		13,824,675 ( 11.00%)		16,782,823 ( 12.78%)
Operations	12,856,950 ( 10.35%)		14,070,635 ( 11.20%)		15,914,152 ( 12.11%)
Acquisition & Construction	4,768,482 ( 3.84%)		5,265,129 ( 4.19%)		5,260,319 ( 4.00%)
Maintenance	4,093,292 ( 3.28%)		4,703,577 ( 3.75%)		4,841,287 ( 3.69%)
	<u>\$ 45,652,555 ( 36.73%)</u>		<u>\$ 41,192,799 ( 32.78%)</u>		<u>\$ 46,091,431 ( 35.03%)</u>
<b>COMMUNITY SERVICES</b>					
Recreation	\$ 1,269,700 ( 1.02%)		\$ 1,279,200 ( 1.02%)		\$ 1,306,721 ( 0.99%)
Disaster Protection	15,410 ( 0.01%)		15,410 ( 0.01%)		15,410 ( 0.01%)
Custodial Services	228,204 ( 0.19%)		237,332 ( 0.19%)		237,332 ( 0.18%)
	<u>\$ 1,513,314 ( 1.22%)</u>		<u>\$ 1,531,942 ( 1.22%)</u>		<u>\$ 1,559,463 ( 1.18%)</u>
<b>GRAND TOTAL</b>	<b>\$124,276,385 (100.00%)</b>		<b>\$125,674,007 (100.00%)</b>		<b>\$131,368,625 (100.00%)</b>

SAN FRANCISCO UNIFIED SCHOOL DISTRICT

GENERAL FUND  
Expenditure Appropriations  
Major Objects

	<u>1972-73 Comparative Budget</u>	<u>1973-74 Comparative Budget</u>	<u>1974-75 Comparative Budget</u>
Personnel Services	\$ 88,593,208 ( 71.29%)	\$ 93,540,024 ( 74.43%)	\$ 96,223,184 ( 73.25%)
Fixed Charges	18,992,763 ( 15.28%)	13,549,017 ( 10.78%)	15,139,961 ( 11.52%)
Supplies & Materials	3,490,793 ( 2.81%)	3,682,034 ( 2.93%)	3,986,867 ( 3.03%)
Contractual Services	5,765,201 ( 4.64%)	5,988,872 ( 4.77%)	6,882,935 ( 5.24%)
Buildings, Structures and Improvements	4,591,262 ( 3.69%)	5,394,592 ( 4.29%)	5,381,427 ( 4.10%)
Suspense Items	2,567,995 ( 2.07%)	1,060,997 ( 0.84%)	1,084,495 ( 0.83%)
Reconstruction & Replacement	1,995,689 ( 1.61%)	2,254,070 ( 1.79%)	2,254,520 ( 1.72%)
Equipment	541,115 ( 0.43%)	532,286 ( 0.42%)	528,579 ( 0.40%)
Special Accounts	<u>- 2,261,641 (- 1.82%)</u>	<u>- 327,885 (- 0.25%)</u>	<u>- 113,343 (- 0.09%)</u>
	\$124,276,385 (100.00%)	\$125,674,007 (100.00%)	\$131,368,625 (100.00%)

FINANCIAL CONCERNS FOR 1975-76 FISCAL YEAR

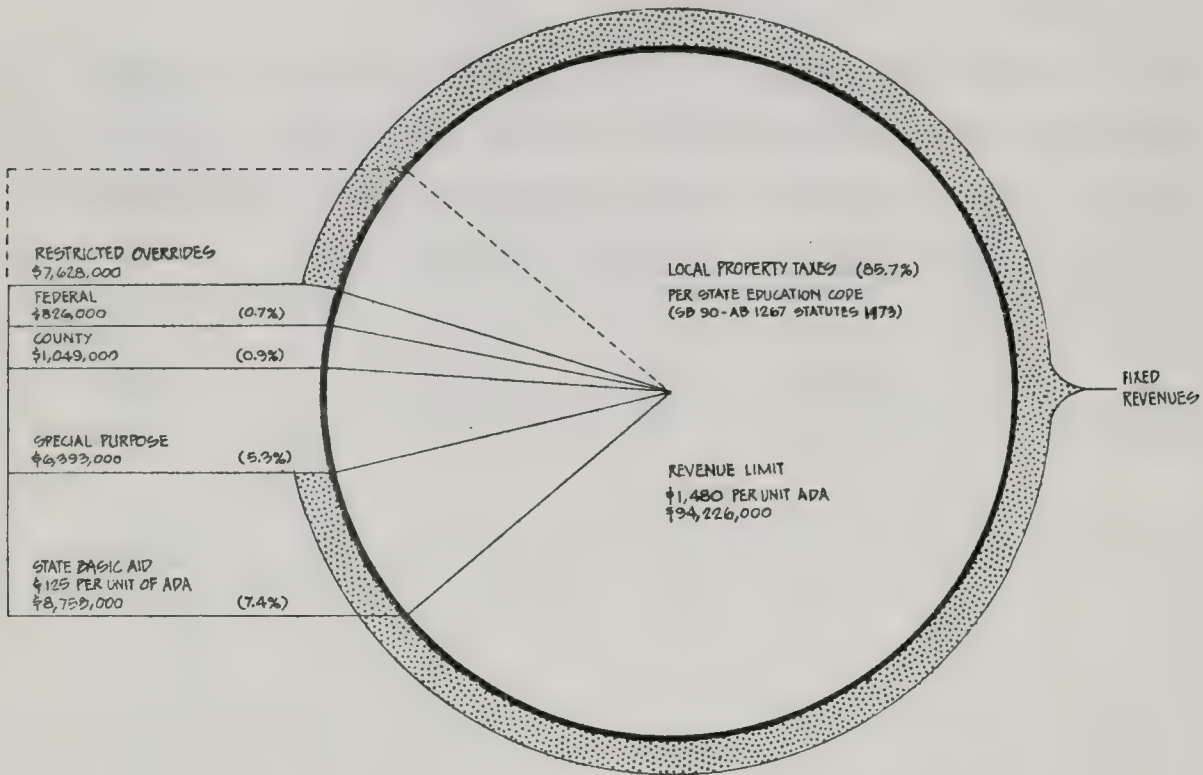
The San Francisco Unified School District, like many school districts in the State of California, is confronted with a major financial crisis for the 1975-76 fiscal year.

Unless increased revenue in the form of general aid (non-categorical) is forthcoming from State, Federal or local sources (and none seems likely at this time), it is evident that the current budget programs will have to be drastically curtailed for 1975-76.



## 1975-76 PROJECTED GENERAL FUND RESOURCES

**\$118,875,000**



**FIXED REVENUE** - Under S.B. 90 and A.B. 1267, Statutes of 1973, the amount of taxes that can be raised to support the educational program has become fixed. That is, the amount of taxes that were raised in 1973-74 per unit of Average Daily Attendance sets a limit on revenue bases for A.D.A. for 1973-74 and each year thereafter. (Provision is made for an inflationary factor increase in subsequent years.) The effect of this bill is that the tax rate no longer may be increased to provide additional spendable funds to the School District.

**VARIABLE REVENUE** - These are resources that are in the main, categorical in nature; i.e. State Special Purpose Apportionment - Physically Handicapped Retarded, Gifted, Driver Training and Transportation Funds. Permissive tax levies for Field Act, Meals for Needy Pupils, Community Services, State School and Building Loan Repayment are continued. The remaining "non categorical", i.e. General Purpose Funds are Federal Aid under Public Law 874, and the unexpended balance of funds remaining at year end.

### BEGINNING BALANCE

It should be noted that the projected beginning balance for 1975-76 is zero dollars or \$4,501,200 below the beginning balance of the 1974-75 fiscal year. This reflects the planned deficit operation in the 1974-75 fiscal year and assumes that the District will finish the fiscal year on June 30, 1975 in a balanced status. It should also be noted that the 1974-75 Adopted Budget contains no Undistributed Reserve to meet unforeseen emergencies or expenses; normally an amount equal to at least 1% of the total appropriations is set aside for this purpose.

### INCOME

The projected General Fund income for 1975-76 of \$118,875,267 indicates a decrease of \$3,543,332 from the current \$122,418,599. The decrease in revenue can be primarily attributed to three factors; a projected decline in enrollment of 4,838 students, no end of the year surplus to be carried forward to help finance the 1975-76 budget, and the operation of the Tax Relief Act of 1972 (Senate Bill 90).

The estimated General Fund revenues are presented on the following page.

Estimated Revenue  
General Fund  
January 16, 1975

(in thousands of dollars)	1974-75 Adopted <u>Budget</u>	1975-76 Estimated <u>Budget</u>
DISTRICT		
Property taxes	\$100,975	\$101,854
Beginning year balance	4,501	-0-
Sub-total	<u>\$105,476</u>	<u>\$101,854</u>
STATE		
Basic Aid	\$ 8,674	\$ 8,753
Driver Training	356	356
Mentally Gifted	283	283
Handicapped Children	2,868	\$ 2,868
Educational TV	47	47
State Aid Pupil Transportation	563	563
Sub-total	<u>\$ 12,791</u>	<u>\$ 12,870</u>
Retirement Subvention	\$ 2,276	\$ 2,276
COUNTY		
Children's Institutions	\$ 563	\$ 563
Rentals	310	310
Miscellaneous	176	176
Sub-total	<u>\$ 1,049</u>	<u>\$ 1,049</u>
FEDERAL		
Public Law 874 - Impact Aid	\$ 826	\$ 826
Total	<u>\$122,418</u>	<u>\$118,875</u>

Included in property taxes are provision for the following amounts being outside the revenue limit.

Meals for Needy Children	\$ 940	\$ 940
Earthquake Safety	4,593	4,593
State Building Loan Repayment	275	275
Community Service	1,820	1,820
Total	<u>\$ 7,628</u>	<u>\$ 7,628</u>



In capsule form, the financial concerns can be illustrated as follows:

\$131,368,625	1974-75 Expenditure Budget
<u>+ 3,220,040</u>	1975-76 Known Requirements*
\$134,588,665	
<u>+ 583,000</u>	1975-76 Assumed Requirements**
\$135,171,665	
<u>-118,875,267</u>	1975-76 Projected Revenues
\$ 16,296,398	Amount to Reduce 1974-75 Budget to Balance***

\*Known Requirements - Renewal of Transportation Contract; Employer Contribution for Health and Welfare; Social Security - Employer Contributions; Field Act Relocations.

\*\*Assumed Requirements - Non-personnel items.

\*\*\* Continuance of the salary increments schedule and salary increase amounts would have to be added to this figure.

## DEPARTMENT OF PUBLIC HEALTH

The mission of the Department of Public Health is to promote the highest level of comprehensive health care services for the people of San Francisco through the utilization of public and private resources of the community. The Department of Public Health provides health care services not readily available nor readily accessible through the private sector of medicine. These services include, but are not limited to: major emergency and trauma treatment; acute medical and surgical care; chronic medical services; and special diagnostic and treatment clinics. In addition to these services, the Department of Public Health promotes the general health and well being of the community through prevention of disease and the removal of environmental health hazards.

As the role of San Francisco General Hospital has changed, there has been major reduction of the inpatient census and length of stay, and a dramatic increase in outpatient or ambulatory services provided at the Medical Center. In 1962, there were 1,114 beds at San Francisco General Hospital with an average daily occupancy of 831, or 74.6 percent; in 1973, there were 509 beds available for use and an average daily occupancy of 338, or 66.4 percent. These changes are the result of the development of a health care delivery system which not only provides improved inpatient services, but also a wider range of services in the Medical Center Outpatient Departments of the District Health Centers, Laguna Honda Home and Community Mental Health Centers.

Construction of the new Medical Center should be completed in early 1976. The new facility includes 590 beds and a five-story out-patient clinic building. It will have over one million square feet of space and will be seven stories. Its modern design will provide a more pleasant environment for both patients and staff, will enable the staff to provide the highest quality of care, and will be more efficient to operate than the existing hospital.

The City and County of San Francisco purchased 12 new ambulances in 1973-74 with Federal Revenue Sharing Funds, which meet and exceed Federal specifications. These ambulances are strategically stationed in seven locations throughout the City to expedite response time on a 24-hour basis. Each one of these vehicles is a Mobile Advanced Life Support Unit equipped with both standard communications radio bands for dispatch and will be equipped with special EKG telemetry and voice channels (5 pairs) along with two pairs of coordinating channels, as authorized by the FCC. The radios allow communication with Central.

## DEPARTMENT OF PUBLIC HEALTH (continued)

Laguna Honda continues its trend towards becoming more of an acute care and extended nursing care facility. As a result of a change in the patient population, there has been a functional change in services with Laguna Honda providing several levels of care for patients: the chronically ill elderly with acute problems requiring more extensive care; patients that require extended and nursing home care; and patients that require rehabilitative and outpatient service.

### COMMUNITY MENTAL HEALTH SERVICES

#### OVERVIEW

Community Mental Health Services is a branch of the Department of Public Health. The services are administered by the Community Mental Health Services Program Chief who is responsible to the Director of Public Health, i.e., the Local Director of Mental Health. The purpose of Community Mental Health Services is to provide comprehensive local mental health services for residents of San Francisco. This goal is approached in a variety of ways: programs are offered in convenient locations within each catchment area; few patients are sent to State hospitals; treatment focuses on crisis intervention techniques, and finally, consultation and education activities promote prevention and early identification of the mentally disordered.

The Community Mental Health Services are decentralized into five catchment areas, each served by a Community Mental Center which provides comprehensive services to the mentally ill. Certain services which can be provided more adequately on a city-wide basis than by catchment area are provided through a number of specialty services units in the Community Mental Health Services. They are the Bureau of Alcoholism, which provides a range of services related to the treatment of alcoholism, the Division of Special Programs, which provides services in the area of drug abuse, sexuality, criminality and other special problems, the Mental Retardation Unit, the Vocational Rehabilitation Services, and the Psychiatric Emergency Services at San Francisco General Hospital.

In addition to programs directly operated by the City, another major portion of the Community Mental Health Services system consists of the contractual services in private agencies which are a vital component of comprehensive care. The use of contracts makes it possible to provide a rich blend of unduplicated public and private mental health services for the people of San Francisco. Several contracts provide for services on a city-wide basis, while



DEPARTMENT OF PUBLIC HEALTH (continued)

others provide essential mental health services to persons who reside within specific catchment areas.

<u>Source of Funds</u>	<u>Amount</u>
Department of Public Health City Budget	\$78,706,268.
City Budget - Other Department Charges	\$ 4,910,305.
Other Funding Grants and Subventions	\$ 3,080,433.
Grants to University for use in Department	\$ 3,000,000.
Grant to Outpatient Department	<u>\$ 2,200,000.</u>
Total Expenditures 1973 - 1974	\$91,897,006.

COMMUNITY MENTAL HEALTH SERVICES BUDGET FY 1974-75  
FUNDING SOURCES

Federal Grants:	\$ 8,882,060
Medi-Cal:	8,800,524
Patients Fees & Insurance:	1,606,359
State Share:	12,575,187
County Share	<u>4,940,357</u>
	\$36,804,487
Others (Contractors Resources, Revenue to State Hospital):	<u>1,841,609</u>
Grand Total:	\$38,646,096

Recap: Gross Program:	\$39,603,997
Funding:	<u>-38,646,096</u>
Program Adjustment Needed:	\$ 957,901

## DEPARTMENT OF PUBLIC HEALTH (continued)

The Public Health Committee of the 1974-75 Grand Jury was charged with the responsibility of conducting an in-depth survey of San Francisco General Hospital, Laguna Honda Hospital and the Emergency Hospital Service.

This Committee met with Dr. Francis Curry, Director of Public Health services in the City and County of San Francisco, in July 1974. His first request was that this Committee look into the problems of the Mental Health Program. His main concern at that time was Northeast Mental Health Center.

This Committee held its first meeting with the Citizens Committee in Supervisor Kopp's office. At that time Dr. Shupp, the new program chief, asked that the Committee look into the operation of all five mental health centers.

We found in looking through records that no previous Grand Jury Committee had ever investigated any mental health programs in the City and County of San Francisco. This brought about a question by some of the centers' directors, as to why they were being investigated. This concern by the directors soon vanished when the Committee informed them that we were not witch hunting. We were only performing our duties as a Committee of the Grand Jury of the City and County of San Francisco under Penal Code Section 925.

As requested by Dr. Curry, we focused our attention on Northeast Mental Health Services.

The Northeast Program can best be described as "two systems but one program". This, of course, refers to the fact that while the contract and directly operated programs are separate administratively, programmatically they are as one. This meant that the Board of Directors of the contract agency was the advising board for the City-operated programs. This caused departmental prejudices and misunderstanding between the two boards. It also caused a complete breakdown in communication between the community and the Northeast Board of Directors.

In October a citizens group was organized in protest of the present operation. This Committee was extremely concerned about the changes made in solving the affairs of Northeast. They were particularly concerned about the matter of the Corporation's indebtedness to the City!

A further study by the Public Health Committee of the Grand Jury found that the Citizens Committee's complaints were justified.

DEPARTMENT OF PUBLIC HEALTH (continued)

This Committee requested and received a copy of the 1973-74 audit report prepared for Northeast by Arthur Andersen & Co. The audit shows overpayment by the City to Northeast as follows:

1972-73 overpayment	\$255,400
1973-74 overpayment	<u>55,756</u>
Total overpayment	\$311,156

We were further advised in a letter from Mr. John Farrell, the Controller of the City and County of San Francisco, dated March 17, 1975, that a repayment schedule based on estimated depreciation expense submitted by the corporation had been filed with the CMHS accounting office.

This Committee further requested:

- 1) A written verification from Northeast, Inc. regarding overpayment by the City and County of San Francisco, and
- 2) Written verification of Northeast's repayment schedule. The following was confirmed:

Cash Payment to the City

a) August 19, 1974	\$100,000
--------------------	-----------

Deduction From Reimbursement

b) December 19, 1974	65,837
----------------------	--------

Total Payment to the City	<u>\$165,837</u>
---------------------------	------------------

Balance Due Per Depreciation Schedule	\$145,837
---------------------------------------	-----------

The schedule mandates repayments on the following time table:

1974-75	\$ 33,129
1975-76	30,169
1976-77	30,169
1977-78	13,924
1978-79	13,924



DEPARTMENT OF PUBLIC HEALTH (continued)

1979-80	13,857
1980-81	10,147

Further Comments On Northeast

Northeast has been reorganized with Dr. Sanford Tom as the new Clinical Director, and a new Advisory Board has been selected. We cannot truthfully say that the problems of Northeast have been solved by the reorganization, as numerous problems still remain.

The present Clinical Director is directly answerable to the Program Chief of CMHS and has responsibility for all mental health programs in the Northeast District, both contractual and City programs. Specifically, he is responsible for the district-wide City-operated programs, coordination and monitoring of contracted programs.

A new county plan was prepared by the Clinical Director on December 2, 1974, as requested by CMHS.

This plan was accepted and approved by the Northeast Community advisory Board and was also approved by the Board of Directors of the contract agency of Northeast.

A letter protesting the passage of the Northeast portion of the Fiscal Year 1975-76 county plan was sent to members of the Board of Supervisors on April 29, 1975.

This Committee is gravely concerned by this action of the Board of Directors of Northeast.

On October 10, 1974 a letter was sent to the Board of Supervisors by Dr. Francis Curry, Director of Public Health, giving the full details of the reorganization of Northeast. We refer to Phase III of this letter which says, in part, "adequate administrative personnel, currently in the Northeast, Inc. contract will be placed under the direct control of the City".

This Committee recommends that the Board of Supervisors consider the approval of the new county plan for Northeast for Fiscal Year 1975-76 and, in order to avoid any future complication, that an orderly and legal procedure be set for carrying out the 1975-76 county plan.

This Committee feels that the main plant of Northeast at 121 Leavenworth Street, Northeast headquarters, is unsatisfactory. The entire center needs up-dating. Dr. Tom, Director of the City-

## DEPARTMENT OF PUBLIC HEALTH (continued)

operated program is housed in a hole, we think, not a place to operate an office. Of the other four mental health centers we found it to be the worst. The building as a whole is not kept clean.

This Committee is concerned about the high cost of mental health in San Francisco. Compared to the services received, taxpayers are not getting their money's worth due to too much decentralization of programs. There are too many small contract programs in operation and not enough direct supervision over their operations. Therefore, there should be more centralization of the existing programs which should result in their improvement.

### DISTRICT # 1 - MISSION

Mission Mental Health Center under Dr. Mary-Lyon Tripplett, the Director, provides an array of Mental Health services through three multidisciplinary teams each servicing a geographically defined area of the Mission catchment area.

The teams are located at satellite neighborhood clinics. There are three citizen advisory boards for each team composed of people who live or work in the neighborhood served by that team. This is very important because it produces community participation in the program.

Mission Mental Health receives a \$600,000 grant yearly from the National Institute of Mental Health. This grant enables Mission to provide a child psychiatric unit and consultation services in the schools.

Mission also offers vocational counseling, one community health worker is to do development in this program.

This Committee feels that Mission Mental Health Center is doing a fine job and generally provides adequate service to the people of the Mission district.

### DISTRICT # 3 - BAYVIEW

Bayview Mental Health Center under Dr. James A. Peal, has been able to expand its services in many ways to increase the continuity of patient care. The staff is organized into seven teams (1 child, 1 geriatric and 5 adult). Each offers a full range of services and whatever treatments are required.

Bayview, or the John Hale Medical Society, operates under contract supported by funds from the National Institute of Mental Health.

## DEPARTMENT OF PUBLIC HEALTH (continued)

Bayview is a City-operated center located at 4301 Third Street, in the Hunters Point area. This building is one of the best in the City, equipped with a drug store, an updated office and well qualified personnel.

This Committee feels that Bayview is doing a fine job and we wish to commend Dr. Peal and his staff.

### DISTRICT # 5 - SUNSET

District # 5 under Dr. Lawrence Laurie, Director, has implemented many new programs during the past year including a program for older adults, adolescents and the chronically emotionally disturbed in board and care homes as well as a program for individuals in need of social and vocational rehabilitation services.

The Citizen's Advisory Board sets priorities, reviews the county plan and budget, and represents the interest of the District 5 community at various levels of government. This board has a broad representation from all areas of the district.

District 5 is the largest of the San Francisco catchment areas both geographically and in population. It has a well-operated program.

### Westside Mental Health Center

Westside Mental Health Center, Inc., a non-profit consortium of mental agencies and organizations under contract with the City and County of San Francisco, delivers a full range of mental health services to the residents in the catchment area.

Westside is governed by a board of directors, of which half of the members are from agencies and half are community representatives elected from the Westside Community Advisory Board.

We feel that Westside is one of the best and most efficient of the contract agencies. Westside has a wide range of services.

The coordination of children's services still remains a problem area within Westside. A special study is being made by a newly appointed assistant for children and youth services for the purpose of collecting data and information concerning services available and services not available for children within the catchment area and in the City and County of San Francisco. This information will provide a data base from which Westside can work to develop and plan programs to fill this priority for the children of Westside.



## DEPARTMENT OF PUBLIC HEALTH (continued)

This Committee commends Dr. William Pierce and his staff for their untiring efforts to give the people of the West-side community the highest level of complete and comprehensive mental health services possible.

### Comments and Recommendations on the Mental Health Program

This Committee was aware of the huge cost of mental health in San Francisco before the State Review Board's report was issued. It is a fact the City is not getting the amount or type of service for the money spent. We find that too much of the cost of mental health in San Francisco goes for administration. There are too many programs contracted out that have poor supervision and no accountability.

The Chinatown Day Care Center at 799 Pacific Avenue is housed in an old building. The kitchen and toilet facilities are sub-standard and it is burglarized often. Equipemnt has to be replaced and worst of all space is so limited that only one kind of activity can be carried on at any given time. The facilities are badly in need of renovation.

We found that some of the services are duplicated. Where there should be one good integrated program there are three poorly coordinated, incomplete programs in the Chinatown area.

This situation, though acute in the Chinatown and Northeast areas, is generally true throughout the City. The whole program needs to be centralized to give more control over the operations. This Committee finds that too many services are duplicated. We feel that where there are several programs operating in an area they should be integrated. This would save money and still offer the services required by the program.

This Committee does not advocate cutting programs. Most are worthy programs. We do, however, think that consolidation of programs would result in better services and better use of personnel.

Most centers have a fair Senior Citizens Program. We feel, however, it does not reach out in the community far enough, especially to older people in poverty areas and in the streets of San Francisco. We refer to a specific case of one old Black lady who for years has sat on boxes in deserted store fronts all night. This we feel, is a mental health case that should be looked into. No one seems to be concerned about it.

The State Review report indicated that if these defects persist the State may reach a point where it will have to exercise

## DEPARTMENT OF PUBLIC HEALTH (continued)

its prerogative to step in. We feel that this will not be necessary if the City takes proper steps to correct these problems.

This Committee recommends that the City and County operate all Mental Health Services in and for the County of San Francisco under one system.

We feel that the efficiency of the whole Mental Health Program can be greatly improved under City operation with all employees under Civil Service. We recommend that the Board of Supervisors appoint a committee to prepare plans for the City to operate the Mental Health Program and determine policy directions in the operation of all five Mental Health Centers. We feel that the Board of Supervisors should exercise its prerogative to approve or disapprove any new locations for Mental Health facilities.

This Committee does not advocate any drastic cutback in personnel. We do feel, however, that all reasonable economies should be considered and any positions that are not absolutely necessary in the direct operation of services should be eliminated.

We are also concerned about the number of part-time employees in Northeast. We feel that these part-time positions should be consolidated. Where there are several part-time employees in the same positions one position should be established full time, thus eliminating some of the part-time positions. We further feel that any position, if needed at all, should be full time.

This Committee feels that Dr. David F. Shupp inherited a difficult and demanding assignment. He has only been in office since August, 1974, when the problems of the Mental Health Program were already existing. It is the opinion of this Committee that Dr. Shupp is doing a fine job and is to be commended. His report to the entire Grand Jury on March 17, 1975, was very encouraging. He answered many questions about mental health that were asked by members of the Grand Jury. We feel that with his experience in mental health work, San Francisco can and will have one of the best programs in the State.

### Comments and Recommendations

#### San Francisco General Hospital

San Francisco General Hospital has a very low morale problem. There seems to be no communication between the employees and the administration below the Registered Nurse level. The employees we talked to feel that they are not being treated fairly in that their complaints or grievances never reach the top level.

## DEPARTMENT OF PUBLIC HEALTH (continued)

We feel that there should be a Liaison Officer appointed to hear and review all personnel grievances.

The new hospital under construction is plagued with delays especially in the Toxicology Laboratory where \$500,000 is needed to redesign and relocate the laboratory. An additional \$720,000 is needed for remodeling the area for the prison ward. There are delays in other areas that are being looked into by the Department of Public Health. Hopefully they will be resolved soon.

We also do not feel, however, that the completion date as set will be met due to these many changes in plans and delays for funds.

### Laguna Honda Hospital

Laguna Honda has been plagued with burglaries and vandalism. Security there requires improvement.

The laundry at Laguna Honda Hospital is in bad shape. Some of the old worn out laundry equipment from San Francisco General has been reinstalled at Laguna Honda. We feel this is a waste of money. Repairs for one of the old machines has already cost \$10,000 and it is still deficient. We feel that no more of the old equipment from San Francisco General should be dumped at Laguna Honda.

### Bureau of Records and Statistics

The Bureau of Records and Statistics at 101 Grove Street, has tightened its security. Mrs. Diane Hunter, Acting Chief of the Bureau of Records and Statistics, made a complete report to this Committee indicating that new security measures were put into effect as of November 22, 1974.

We commend Dr. Curry, the Director of Public Health, for the outstanding services the Department of Public Health is rendering to the people of San Francisco.

George Hoerr

Mrs. Elizabeth Spencer Pfau

Joseph W. Vaultz, Chairman



## ASSESSOR'S OFFICE

This committee met initially with the Assessor and his staff in August 1974. While there was limited contact with the Assessor's staff, it is the belief of this committee that the annual report issued by the Assessor's office in August 1974, adequately covers the concerns of the Grand Jury.

The annual Assessment Roll for the City and County of San Francisco was completed and delivered to the Controller of the City and County of San Francisco on July 1, 1974. Locally and State assessed property in the City and County of San Francisco has a Full Cash Value in excess of 11 billion dollars. This represents an increase over the 1973-74 Roll of 400 million dollars in Full Cash Value or an increase in assessed value of 100 million dollars.

The increase in the Assessment Roll was largely due to the construction and completion of new downtown commercial property and multi-family residential property throughout the city. There was a significant increase in the value of Business Inventory most likely due to inflationary pressures and higher prices for goods and services.

The office is utilizing comprehensive sales ratio analysis of market data in a continuing effort to revise property value in order to establish a realistic and dependable basis for the estimate of Market Value of the city's 154,000 parcels of property.

A matter of continuing concern, however, is that meaningful property tax relief for the homeowners of San Francisco should become a project of major priority for the San Francisco Legislative Delegation. Positive action on the following recommendations should be of primary concern:

1. Legislative enactment establishing a lower ratio for owner-occupied single family dwellings than the ratio applicable to commercial and industrial property.
2. The current \$1750 assessed value Homeowner's Exemption should be increased by association with the Cost of Living Index.

ASSESSOR'S OFFICE (continued)

3. Senior Citizens should be permitted to defer their property tax payment on owner-occupied single family dwellings.
4. In the interest of equity, tenants should be granted property tax relief proportionate to increased rentals which may be due to increased property taxes on the landlord.
5. All taxpayers should be afforded the option to pay their property taxes at quarterly or monthly intervals.
6. In the interest of fairness to all concerned, a comprehensive re-examination of all property tax exemptions should be undertaken and basic criteria for such exemptions should be established after such a study is made.
7. There should be a limited assessment credit to Homeowners for money spent on rehabilitation of their property.
8. The system of property taxation should be completely revised so that property should bear the burden only of property-related services, while other sources of revenue (Federal and State) should bear the burden of people-related services.

Despite the many accomplishments of this office, there is concern over the long standing inequity of salaries assigned to the professional staff. It has been recognized by the State Board of Equalization and by prior Grand Jury Surveys that these inequities have made it extremely difficult to recruit and maintain qualified Appraisal and Auditor personnel to fulfill the mandatory duties required by State Law.

Keith Doerge

Alvin S. Baron, Chairman

## AIRPORT

The fundamental purpose for the San Francisco International Airport is to provide, operate and maintain suitable air passenger terminal facilities for air transport passengers traveling to and from San Francisco.

Many airport services are maintained around the clock to assist the traveler. Passenger conveniences include nurseries for small children, a USO facility, banking, foreign money exchange, postal services, a duty free shop and new medical facilities.

Airport buses, taxis, limousines, and helicopters provide service to and from downtown San Francisco and Peninsula cities.

The airport provides over 6000 public parking spaces including a new garage parking and two new economy parking lots all serviced by shuttle buses.

The San Francisco International Airport is serviced by 23 scheduled airlines with services ranging from Local Bay Area helicopter service to worldwide passenger and cargo service on international routes.

The San Francisco International Airport owns approximately 5,200 acres, 2,000 of which are developed and the remaining acres are used as clear zones for arriving and departing aircraft.

The San Francisco International Airport operates on a completely self sustaining basis. 1975 marks the 19th consecutive year in which all operations expenditures and debt service costs were paid out of revenues.

More than 35,000 persons with payrolls exceeding \$385 million, are employed at S.F.I.A. and in the city on jobs related directly to airport activities.

This Committee has met with Mr. William J. Dwyer, Director of the Airport and his assistants several times this past year and have found them to be all very dedicated to their positions and very responsive, cooperative, and progressive. They have studied and completed many of the recommendations of former Grand Juries such as installing a new Sound Abatement Program, a complete study of the Parking facilities, new and up to date leasing agreements with all tenants and are now in the midst of a study to improve and develop all landscaping and the general appearance of the Airport.



## EMERGENCY SERVICES

The City and County of San Francisco Emergency Organization will plan, prepare for, and conduct operations in order to accomplish the following objectives:

- 1) Save lives and protect property.
- 2) Repair and restore essential systems and services.
- 3) Provide a basis for direction and control of emergency operations.
- 4) Provide for the protection, use, and distribution of remaining resources.
- 5) Provide for continuity of government.
- 6) Coordinate operations with the emergency service organizations of other jurisdictions.

San Francisco City and County will respond to the following types of emergency situations:

- |                      |                               |
|----------------------|-------------------------------|
| 1) War               | 6) Epidemic                   |
| 2) Earthquake        | 7) Storm                      |
| 3) Fire              | 8) Air pollution              |
| 4) Flood             | 9) Oil and Hazardous material |
| 5) Civil disturbance | spill.                        |

The Emergency Services meets regularly with the members of the Red Cross, Fire and Police Departments, Public Health, Department of Electricity, Telephone Company, PG & E, in order to establish co-operation within this very important Committee.

The members of the Grand Jury compliment Mr. Edward P. Joyce, Director of Emergency Services, and the members of his staff for their continuing efforts to provide San Francisco with a very effective emergency preparedness program.

The Grand Jury recommends that plans and funds should be provided to construct an adequate multi-purpose underground Emergency Operating Center to house Police, Fire and emergency communications.

## FIRE DEPARTMENT

The San Francisco Fire Department is recognized as one of the finest in the country. This is due to the untiring efforts of Chief Keith P. Calden, his highly regarded assistants and all of the men in the Department.

The Fire Department's budget for fiscal year 1974-75 was \$50,437,789.00, which amounts to approximately \$85.00 per capita.

The duties of the Fire Department are to protect the lives and property of the citizens of San Francisco in the event of fire, disaster or other emergencies.

Chief Calden and the members of the Fire Commission have diligently followed many of the recommendations of former Grand Juries and have adopted such changes as emergency precautions for the BART System, up-dating of equipment and installation of diesel engines in pumper trucks. A diesel engine has also been installed in Pumping Station #1 and one will be installed in Pumping Station #2 in the near future. These diesel engines are far superior to gas and fuel steam plants.

The Department is almost at full strength, with 1781 men in uniform.

The San Francisco Fire Department's ethnic groupings are as follows:

Black	57
Spanish speaking	120
American Indian	16
Chinese	11
Korean	2
Filipino	10
Japanese	<u>1</u>
	217

## FIRE DEPARTMENT (continued)

Security at the Airport has been increased by the assignment of 1 Assistant Chief, 3 Captains, 7 Lieutenants and 26 Firemen in order to give the Airport 24-hour fire prevention.

### RECOMMENDATIONS:

The following recommendations are made in order to maintain the splendid efficiency of the Fire Department.

1) That a full time Attorney be assigned to the Department to handle labor relations.

2) That 25 new men be hired to offset overtime, sick and vacation leaves.

3) That five new Chief's cars be purchased to supplement the cars now being used so that the cars presently being used can be assigned to the Fire Prevention Bureau and other departments that do not require new cars.

4) That a full time Photographer be hired from civil service in order to relieve a fireman now serving in that capacity.

5) In order that our Fire Department be classed as one of the finest in the nation, serious consideration should be given to the purchase of three Probeye Instruments. This new infrared viewing device is one that enables fireman to pinpoint trapped victims or sources of heat through dense smoke, darkness and even walls.

6) That two new air cushions be purchased to replace the now obsolete nets. These fully inflated cushions are nine ft. high and 25 ft. wide and can be inflated in 30 seconds.

7) That ten \$100.00 Combustible Gas Tracers be purchased to help fireman locate leaks of such toxic and non-toxic gases as ammonia, propane, sulfur dioxide and butane.

The members of the Grand Jury congratulate the members of the Fire Commission, Chief Calden and all the members of the Department for their untiring efforts to maintain the splendid efficiency, dedication and fine performance of the Department.

Thomas R. Ho

Mrs. Deborah C. Goldstein

William G. Menary, Jr., Chairman



## CHIEF ADMINISTRATIVE OFFICER

The Chief Administrative Officer of the City and County of San Francisco is appointed by the Mayor and is subject to confirmation and approval by the Board of Supervisors. His tenure runs until retirement age but is subject to popular recall and can be subject to suspension and removal in the same manner as elective officers. He is also subject to removal by a vote of not less than two-thirds of the Board of Supervisors.

Mr. Thomas J. Mellon, appointed in 1964, is the Chief Administrative Officer. Mr. Mellon is a person of great ability who has been given tenure past normal retirement age and will retire the end of August 1976.

The Chief Administrative Officer is responsible to the Mayor and to the Board of Supervisors for the administration of all the affairs of the City and County that are placed under his jurisdiction: i.e.

- Agriculture and Weights and Measures
  - Farmers Market
- Coroner
- Department of Electricity
- Department of Finance and Records
  - County Clerk
  - Recorder
  - Public Administrator
  - Registrar of Voters
  - Records Center
  - Tax Collector
- Department of Public Health
- Department of Public Works
- Purchasing Department
- Real Estate Department

The Chief Administrative office is staffed by some 13 employees, made up of management, budget analyst, accounting and stenographic people. A new position of Employee Relations Director has recently been added and in the opinion of this committee, will do much to improve employee-management relations.

All of the various departments under the Chief Administrative Officer have been looked into by committees of this Grand Jury and this committee will not comment other than to state that San Francisco is fortunate to have a man of Mr. Mellon's administrative skills. The office of Chief Administrative Officer is a most powerful position.

CHIEF ADMINISTRATIVE OFFICER (Continued)

The position carries important responsibilities under the charter and requires service on many committies which affect our community. Departments under his control account for almost 30% of the budget of the City and County and his department heads supervise thousands of employees.

This committee will not make recommendations regarding the distribution of the Publicity and Advertising Fund (hotel tax), as a suit is now pending in the Superior Court regarding the manner in which the fund is allotted.

Our committee recommends that the position of Executive Assistant to the Chief Administrative Officer be made exempt from Civil Service. The committee feels that the Chief Administrative Officer should have his own selection for that position.

Alvin S. Baron

Melvin S. Springer

Faxon H. Bishop, Chairman

## HEALTH SERVICE SYSTEM

The Health Service System is the City department charged with the responsibility of delivering the best medical system possible to all City employees, active and retired, their wives and dependents, at the least possible cost.

The System presently offers the choice of three plans which are controlled by a seven-member Board and administered by an executive director who serves at the Board's pleasure. The seven Board members are as follows:

Harry Paretchan, President - Fire Department - Elected Member  
Daniel A. McDonagh - Controller's Office - Elected Member  
Frank Lucibello - Public Health Department - Elected Member  
Robert E. Hassing - Appointed Member  
Abraham Bernstein - Appointed Member  
Thomas Toomey, representing the City Attorney - Ex-Officio Member  
Dorothy von Beroldingen - Board of Supervisors - Ex-Officio Member

The three plans offered are the City Administered Plan, Plan I; Kaiser Foundation Health Plan, Plan II; and Blue Cross Hospital Service of California, Plan III. These plans vary in benefit structure and costs and generally are tailored either for an individual, a member and spouse, or a member and family. The member has the choice of selecting the plan which best suits his family status and his financial situation.

The following are the out-of-pocket costs to employees, depending upon their membership status and the plan selected:  
(Per month for Fiscal Year 1974-1975)

	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Employee	\$ .50	\$ .00	\$26.19
Employee and Spouse	\$25.50	\$22.04	\$61.99
Employee and Family	\$44.53	\$41.76	\$77.21

Plan I is administered by the Health Service System with the Major Medical coverage carried by Phoenix Mutual Life insurance of Hartford, Connecticut. The City contributes for the member only and effective July 1, 1975, the amount will be \$24.71 per month. This amount is arrived at each year by averaging the amounts being contributed for employees by the ten most populous counties in the State of California. Prior to 1972, the City and County of San Francisco was restricted by the Charter and contributed



## HEALTH SERVICE SYSTEM (Continued)

only \$5.00 per month; however, the successful passage of Proposition 'O' in 1972 amended the Charter and introduced the averaging process of the ten most populous counties.

At the present time, the Health Service System is delivering medical care to approximately 23,000 active members, 7,500 retired, resigned, and residual members. When dependents are added, the total membership reaches approximately 69,000. This entire program functions with 25 permanent employees, a small number of part-time employees and a part-time medical advisor. The total budget of the Health Service System is slightly in excess of \$500,000 and about 1/3 of this budget is utilized by the Controller's Data Processing Section.

As a result of the employees' strike in 1974, a dental plan for miscellaneous employees was negotiated for and the City had agreed to contribute not more than \$7.00 per month per covered employee. At this writing, the Supreme Court has judged the dental plan in its present state as invalid.

Supervisor Dorothy von Beroldingen, an Ex-Officio member of the Health Service Board, has not attended a meeting of the Board for the entire Fiscal Year 1974-1975. This, it may be added, is not something of her own choosing. Her committee chairman duties as a member of the Board of Supervisors conflict with the Health Service Board meeting. This Committee recommends a Charter change to correct this condition and is of the opinion that all Board and Commission meetings be fully attended.

Mr. Juan B. Rael, Jr., of the firm Rael & Letson, is the full time Actuary for the System.

Mr. Philip J. Kearney, Executive Director of the Health Service System, advises this Committee that the loss ratio for the Years 1972-1973 and 1973-1974 have been right at 100%. This ratio indicates that the System is working well and is properly funded since all monies received as revenue are being paid out in benefits.

This Committee highly commends Mr. Kearney for his excellent performance as Executive Director of the Health Service System and particularly for his devotion to it, this in the face of many annoying restrictions.

Albert A. Biagini

William G. Menary, Jr.

Perry Liebman, Chairman

## SHERIFF

Under the Charter of San Francisco County any charges to be presented against a public and/or an elected official are to be presented by the Mayor and acted upon by the Board of Supervisors.

Other Grand Juries have had legal counsel and have been advised that in making reports on any department of county government, in which comment is made about any official or person who is not indicted by the Grand Jury, these comments shall not be deemed privileged.

Under the sections of the Penal Code and Government Codes, the Grand Jury in most of the counties in California have the right and power to present charges against an elected and/or public official. This is not true in San Francisco County as the Charter of the City and County of 1932, which was approved by the legislature and takes precedence over the Penal and Government Codes. In reviewing these facts, it seems that previous Grand Jurors have felt that censure of the different departments and department heads for any of the conditions in their departments or poor management proven to be their sole responsibility.

The 1974-75 Grand Jury and the members of the Sheriff's committee at the time they were impaneled on July 3, 1974 were aware that they would be dealing with an extremely controversial department and that Sheriff Richard D. Hongisto was critical of the Grand Jury system. He has stated his position publicly not only against the Grand Jury as a whole, but has also attacked individual members.

The 1974-75 Sheriff's committee of the Grand Jury in an interim report, made a recommendation that a Department of Corrections be established in the City and County of San Francisco. This recommendation had been made by other interested parties in reviewing the conditions that now surround the San Francisco County Jails. The 1970 Grand Jury recommended that a Department of Corrections be established. They stated emphatically that this Department of Corrections should be constituted of all the Bay Area Counties participating and not San Francisco alone. It was felt the cost would be too great for just one county to handle. This recommendation should be implemented by the Board of Supervisors and a committee should be set up to contact other counties.

There have been numerous visits to the County Jail by the 1974-75 Grand Jury. There is no doubt that there is room for much rehabilitation, particularly the San Bruno facility. Recommendations have been made in the past to correct the inadequacies and overcrowd-



## SHERIFF (continued)

ing in our jail facilities. The greatest problem is finances. Some of the previous Sheriffs, as well as the present Sheriff, have had problems with insufficient budgets. There is currently insufficient personnel to handle security and custodial services at the jails and in the courtrooms.

The Director of Rehabilitation Programs for the Sheriff's Department is Raymond Towbis. On February 6, 1975 Mr. Towbis appeared before the Grand Jury and gave a complete report on his rehabilitation services as well as a complete list of the volunteers working in his programs, how they are funded and their progress to date. When the Grand Jury asked for the names of the volunteers working in the jails, the Committee of 100, San Francisco Prison Assistance Volunteers, brought suit in Federal Court to keep from divulging the volunteer's names. The Grand Jury did not question Mr. Towbis and his workers, but did question other volunteers.

It is the opinion of qualified custodial experts that there must be a desire on the part of those serving in a county jail for rehabilitation. There is not sufficient time for this in the County Jail as inmates are only there for one year at the most, the average time served being 64 days. Under present laws, persons awaiting trial and confined to the jail, may not participate in any form of rehabilitation program. The rehabilitative process can only start after the person is convicted and sentenced. Frequently and correctly so, persons on being sentenced are given credit for time already served. The short length of sentences and the general atmosphere of the jail does not lend itself and is not conducive to the rehabilitation techniques now being employed.

The present Sheriff tried to get federal and private funds to help him operate some of his programs in the County Jail. With the help of these outside funds, he has started, and has in operation, a very active rehabilitation program. However, it is felt that he has been too ambitious with the program as pointed out before. In order to rehabilitate a person in jail, the person has to have the willingness to be rehabilitated, and this is not the case with most of the inmates of the County Jail.

The Board of Supervisors approved a total budget of \$1,133,319 over the current year's budget, a nearly \$2,000,000 increase over the 1970-71 actual expenditures. The Sheriff's department budget in addition to general administrative items, includes funds for bailiffs in San Francisco Courts and for the Sheriff's responsibilities for civil service and processing of attachments and other civil matters. The Board of Supervisors deleted from the 1973-74 budget several line items requested which related to rehabilitation in the County Jail #2. These deletions totaled \$66,939. All of these items were to come from revenue sharing funds. There have been rulings by the Courts that rehabilitation is not among the constitutionally mandated aspects of jail administration.



SHERIFF (continued)

At the present time there are no central feeding facilities in existence at Jails #1 or #2. Feeding inmates in their cells constitutes no health hazard; however, as observed when the Jury made a visit to the San Bruno County Jail #2, the food was put on an electric cart, wheeled to the elevator and taken up to the different tiers, wheeled down a corridor and each inmate given a plate of food in his cell. Often times the food is cold by the time it gets there, the man at the head of the line, in the first cell, may get all the meat, the next man may get all the potatoes and the last man gets all the gravy. It is a very poor way of feeding prisoners. The kitchen as it is presently set up, is inadequate. There are plans to rebuild the kitchen facility. However, it is our understanding that they are being delayed pending approval of a \$1700 appropriation which is needed to construct a door in the back scullery room giving access to a new loading dock. There must be federal funds available to modify the complete County Jail in San Bruno and build a large dining room. Inmates could then be brought down tier by tier, fed cafeteria style, and on completion of their meal, returned to their cell. This is the way it is handled in other institutions and has proven very successful. It might be added that all San Francisco County Jail facilities were built prior to the effective date of the new minimum standards and to date the State Board of Corrections has made no determination as to whether or not these facilities meet the provisions.

In a letter dated April 4, 1973 to Supervisor Robert H. Mendelsohn and members of the Finance Committee, Mayor Alioto outlined a three-phase program for improving conditions in the County Jails. Phase 3 of this program calls for a commitment of Federal and/or State grant funds to accomplish major capital improvements including basic structural changes to the jail. Under Phase 3 it is likely that central dining facilities will be considered.

Members of the Grand Jury noted when they visited San Bruno the inadequate manner in which the foodstuffs are stored. They are stored with greasy rags lying on the floor and are unprotected from moisture. The shipping and receiving dock is jammed together with garbage going out the same way the edible food comes in. These problems are to be corrected under the plan for rebuilding the first floor of the County Jail in San Bruno which is now underway.

In the interim report on the County Jail in San Bruno by the 1973 Grand Jury, they raised serious and startling questions concerning deputy morale. There is lack of administrative coordination between the Sheriff and his staff, and an absence of a clearly defined chain of command. In light of the Grand Jury's findings, it was the considered opinion of the Mayor's budget staff that further personnel increases should not be approved without independent advice. The Mayor's Council on Criminal Justice made application to the California Council on Criminal Justice for a grant of funds for the purpose of

## SHERIFF (continued)

obtaining independent management and personnel studies of the County Jails. The study considered the feasibility of the Department of Public Health or other health agencies, taking over the medical program in the jails. It has been so ordered by the U. S. District Courts of the Northern District of California and it is now being implemented.

The County Jail at San Bruno has been reviewed by each Grand Jury for many years, and to date nothing has been done. It might be noted that in August 1972, the Board of Corrections in the State of California, made a critical report on San Francisco County Jails. It was the fourth such report in ten years, and at that time Sheriff Richard Hongisto, who had just been newly elected stated that it would not be filed and forgotten. In 1972, the Presiding Judge, Judge Byron Arnold and the Grand Jury discussed the jails thoroughly. In that initial jury report it was stated that the need was for high level administrative skills to render effective improvements in the jails. It went on to say that it did not appear they would have to make much of a study into the administrative department of the jails under Sheriff Hongisto, as he had an Undersheriff, Rueben Greenberg, who was versed in the field of public administration and the Sheriff's office was already undergoing a major reorganization. This report was made in August 1972. Since then Mr. Greenberg has left, Undersheriff Smith who replaced him has gone, and we now have an Undersheriff who was the former Police Chief of Oakland. To this date, the Sheriff's office is still disorganized. Sheriff Hongisto is of the opinion that publicity and personal appearances will cure the ills that besiege him in the operation of his jail facilities. He will not, or cannot, take any advice from the dedicated people he has presently working for him. He has Chief Deputies at each jail who are excellent men. Between them they have approximately 45 years of jail experience. They are capable men, have a good staff beneath them, but they are completely ham-strung by the Sheriff and his present policy pertaining to administrative matters. Sheriff Hongisto has just recently made the statement that with his new Undersheriff he now has a man who will be able to operate and run the jails. This will release him of this responsibility so that he will once again come back into his other activities i.e., administrative, publications, schooling.

On May 19, 1975 the Sheriff appeared before the Grand Jury. He was asked about his problem with the payroll and over-payment to deputies on his administrative staff, and if Deputy Denman was his Chief of Administration. The Sheriff stated, "He simply isn't competent to do the job, because ostensibly he should be in charge of the office, but he doesn't do it right now because if he did the office would fall apart in about three minutes". From this and from other witnesses who have appeared before the Grand Jury, we find that the administration of the Sheriff's department is lacking.



## SHERIFF (continued)

Sheriff Hongisto never hesitates to call the jails a disgrace to our City. He blames budget allotments for the gross and severe under-staffing of his department. As far back as 1973 he predicted that there would be a gigantic payroll problem, due to the inability of the City to provide him with two payroll clerks. This proved to be accurate. This Grand Jury had an audit made by the Controller's office into the time and attendance records and payroll records of the Sheriff's department. They were found to be inadequate.

## ADMINISTRATION

The office staff of the Sheriff's Administration are inexperienced, untrained and have no conception of the responsibilities of such an important office. They have no one capable of managing the staff.

The Sheriff's confidential secretary's signature is authorized on the payroll and also to give clearance for anyone to visit the jails. This is a poor practice and should be discontinued, as this person is not trained or competent to carry out these duties. A manager of administration should be found to assume them.

Under the City Charter, the Sheriff can appoint an attorney at his pleasure who is independent of the City Attorney's office to perform legal duties for the Sheriff's department. This appointment is a part time position and pays \$16,220 per year.

The Charter of the City and County adopted in 1899 and the new Charter of 1932, carried forward this appointment power. This Committee recommends that a charter revision by amendment be given immediate attention to remove this power and place the legal duties under the City Attorney's office with a Senior Attorney (civil-criminal) assigned to the Sheriff's office.

## JAIL FACILITIES

There is currently insufficient personnel to handle security and custodial service at the jails. The members of this Committee and the Grand Jury as a whole have visited the facilities many times this past year and have found that there are poor controls and surveillance over the dispensing of medicines at all County Jails. The prisoners are hoarding pills, bartering prescriptions and, it is said, "it is easier to get drugs in the County Jail than on the street".

The morale of the Deputy Sheriffs is almost non-existent, due to preferential treatment given certain Deputies; Deputies are unwilling to use initiative because of the threat of administrative reprisal.



## SHERIFF (continued)

The screening of those volunteering their services to the jails is very poor. Sometimes it is non-existent, application forms having been eliminated. Yet the volunteers have free run of the jails. Most of the volunteers and social-help volunteers are unqualified and could easily be pressured into bringing in contraband, such as drugs. These people have little or no sense of security. It was the names of these volunteers that the Grand Jury requested of the Sheriff.

Many of the volunteers eat at the jails in the deputies' mess by order of the Sheriff. For the month of February, 1975, the number of volunteers who ate in the mess at Jail #1 totaled over sixty-two at a low estimated cost of \$500.00.

The laundries at Jails #1 and #2 are in the process of having new equipment installed which was purchased with an outside grant. This should be completed within the next sixty days.

With another grant of \$147,000 from the State, work has started on the classrooms at Jail #2. However, the walls do not have any windows on the inside so that for security purposes a Deputy outside in the hall cannot look into the classroom. The walls are only 1/2 inch wall board with no steel reinforcement and if an inmate found himself alone, he could kick his way out of jail.

The Woman's Jail #4 was found to be in order, but understaffed. There is poor communication between #4 and the Men's Jails, #2, where in the event of an emergency, they would have to turn for help. There should be a good intercom system installed between Jail #2 and Jail #4. Outside lighting around Jail #4 should be installed as there is a security risk without it.

Little fault can be found with the women's sections of the County Jail due to the dedicated and conscientious women deputies who do their dangerous and unrewarding job with little or no fanfare.

The promised dental clinic at Jail #2 has been completed. However, it cannot be used as is, due to the fact that the Bureau of Architecture failed to check their plans with the jail staff and so have to make some corrections. It is a security risk the way it is and the dentist refuses to work there.

The Department of Public Health is now operating the medical units at all County Jails.

## CIVIL DEPARTMENT

This Department is under the direction of Chief Deputy Carl Olson who has over thirty years of service. He has the

SHERIFF (continued)

responsibilities for civil service, processing of attachments, Sheriff's sales and other civil matters all of which bring in an annual income of over \$150,000. All of this income goes into the City and County General Fund. The money collected and distributed by this office under court order is over 2 million dollars annually.

The Sheriff refused to allow members of this Grand Jury to ride with any of the Deputies on their rounds - the reason for this refusal is unknown.

The Civil Department is a well organized and efficient operation. Like other departments it is understaffed.

This committee would like to commend Chief Olson and his staff.

This Grand Jury has asked the Attorney General of the State of California to look into the reasons the Sheriff has not complied with the opinion of the City Attorney on the good time/work time policy as outlined in the Penal Code. In the opinion of the City Attorney the Sheriff is not complying with this law. The Sheriff's Committee of the Grand Jury has also asked for an investigation by the Civil Service Manager into certain contracts by the Sheriff's Department, specifically those for outside medical services. These are not within his authority to grant and to fund.

Both of these investigations are now being undertaken and we urge the new Grand Jury to follow through on them.

## MAJOR FINDINGS AND CONCLUSIONS

The San Francisco Investigatory Grand Jury 1974-75 has come to the following findings and conclusions from its investigation of the County Jails and the Sheriff's Department:

1. That Sheriff Richard D. Hongisto has failed to change his way of computing GOOD TIME/WORK TIME to bring it into accordance with the Penal Code and into compliance with the City Attorney's opinion therefore causing this to be brought to the attention of the Attorney General for investigation;
2. That Sheriff Richard D. Hongisto has allowed persons working under his direction in administration of the Sheriff's Department to be placed on night differential pay when not entitled to such pay and contrary to the City Salary Standardization Ordinance;
3. That Sheriff Richard D. Hongisto has not conducted an investigation into the great amount of drugs now being found in County Jail #2, nor has he made any attempt to stop such a flow of drugs in County Jail #2, even after the death of an inmate within the past 60 days from an overdose of drugs;
4. That Sheriff Richard D. Hongisto used City and County funds and personnel to bring suit in Federal Court in order to discredit the Grand Jury of the City and County of San Francisco and the Grand Jury system as a whole;
5. That Sheriff Richard D. Hongisto is a member of the County Parole Board and has not attended a meeting for over a year or has he taken an active part.

Mrs. Jo L. Brown

Mrs. Elizabeth Spencer Pfau

George H. P. Alferitz, Jr.,  
Chairman



## WAR MEMORIAL

The San Francisco War Memorial consists of two elegant buildings, the Veterans Building and the Opera House, separated by a Memorial Court. Both buildings were opened for use in the Fall of 1932.

For several years Grand Jury committees have been appalled at the deteriorating condition of the 1300 seat auditorium in the Veterans Building. Budget requests submitted since 1971 for capital improvements in this area have been deleted.

This committee is therefore delighted to report that after these many years of Grand Jury recommendations and dedicated efforts of the staff and the Board of Trustees, the financial plight of the Veterans Building Main Auditorium at last appears to be resolved.

A grant has been offered by the executor of the Herbst Family Foundation to completely refurbish this auditorium. This will include the installation of 1000 comfortable, quality seats; redoing an elevated (movable) theatre floor into a permanent, properly sloped theatre floor; and complete painting and redecoration.

Approval by the Board of Trustees of the War Memorial and the Veterans' Organizations, is expected within a few weeks. Work on the renovation can then proceed almost immediately.

It is noteworthy that the budget for the coming year for the War Memorial is \$50,000 less than last year. This, in view of an inflationary economy that has driven up most costs of supplies and labor. We are pleased to report that the current budget for the War Memorial includes funding to renovate the Opera House's thoroughly deplorable stage. The budget also includes provisions for repairs or replacement of many of the sagging and torn seats in the Opera House.

This committee of the Grand Jury wishes to commend the untiring efforts of Claude Jarman, Managing Director of the War Memorial, and his assistant, Donald J. Michalske. Both men have demonstrated an ability to set priorities and to get things done.

## BOARD OF PERMIT APPEALS

The Board of Permit Appeals is responsible for hearing appeals from citizens of San Francisco who have been denied permits by the Public Works, City Planning, Health, Fire or Police Departments.

In observing hearing procedures, we must concur with that portion of last year's Grand Jury Report concerning the frivolous atmosphere surrounding these hearings. We felt that considerable insensitivity on the part of some Board members was openly displayed during the highly publicized "Balloon-Man" session in early June.

At this same meeting, there was a classic example of the lobbyists and unions being served, while the little man, the "Balloon-Man", was literally told to "Go home and start thinking about another way to make a living". Although Mayor Alioto subsequently found a proper and legal means of allowing the "Balloon-Man" to continue peddling his balloons at the Wharf, we do wonder why the Board of Permit Appeals could not have been as considerate of him as it was with the Billboard lobbyists and unions.

### The Grand Jury Finds:

- 1) The Board of Permit Appeals is not satisfactorily handling the appeals procedure, with the result that the Bureau of Building Inspection is forced to appeal decisions to the City Attorney.
- 2) That the performance of the tasks of this commission is not aided by the atmosphere that sometimes is prevalent.
- 3) That the "ordinary citizen" is not given the same attention and courtesy as more organized and influential applicants.
- 4) The whole referral procedure for issues like the Billboard matter be reviewed for possible clarifications.

## PUBLIC LIBRARY

San Franciscans are proud of their City's heritage and quick to praise their cultural achievements in the Arts. How then, can our City reconcile itself to it's deplorably, antiquated library system, that has been so sadly neglected for so many years?

The San Francisco Public Library has fewer books per capita than any comparable library system in the United States with only 1.86 books per capita as contrasted, for example, to Cleveland's 4.53. Even if the new 58 temporary positions requested in the budget are included, our library system endeavors to support 10,000 people with only 4.24 staff members. Boston with 7.88 and Cleveland with 10.00 staff members per 10,000 are able to provide far better service. Despite below average numbers of personnel and inadequate resources, we operate more branch facilities per capita and per square mile than any other system. This achievement has been attained by the services of 75 Public Service employees (CETA) who most likely will not be available in 1975-76.

In 1967-68 the library added over 145,000 volumes. It was able to add only 87,000 in 1973-74. Budget requests for books represents a recognition of the need to halt the severe erosion in this area. Rising costs and the apparent vulnerability of line items in this area to budget reductions in the past have prevented the library from maintaining its collection at the quantity and quality which it should have.

The library now uses the "Self-Change" circulation system requiring each patron to fill out a charge slip with an average of eight elements of information for each book he borrows. Considering the possibility of error on the part of the patron or on the part of the library personnel attempting to handle these slips, it is understandable that many errors occur in this labor-intensive operation.

In addition, under the present system, overdue notices must be prepared manually, and delinquent borrowers are rarely detected. Currently, overdue notices are many weeks behind at most branches and at the main library.

The introduction of an automated circulation system (CLSI), as proposed in this year's budget will enable the library



PUBLIC LIBRARY (continued)

to benefit from a system already proven and in operation in other public libraries. The sensor of this computer based system is a scanning "light pencil". Each book will have a bar code placed on it which the pencil will "read" by being passed over it.

This one movement will automatically gather and store all necessary information required. As a spinoff, the CLSI system will automatically determine when books are overdue, prepare overdue notices, and when queried, provide information on whether a particular book has been borrowed, and if so, by which patron. The first year cost of this system is \$150,000 with a total cost over three years of \$350,000.

Each year the library loses about 70,000 volumes (at a cost of over \$450,000). Forty thousand are checked out by patrons and not returned. Adoption of the CLSI system will cut these losses sharply. Thirty thousand volumes are stolen outright, about one half from branch libraries.

It has been determined that at 15 branches the present floor layouts make it easy for a person to remove a volume from the library without detection. The rearrangement of check-out counters, the introduction of railings and the movement of shelves will channel patron egress. Book losses at the branches can be reduced by one-third if these measures are taken. These corrective measures would pay for their cost in one year of operation.

It has been said that schools, in the main, are visited by people who have to be there.

Libraries, however, are visited by people who want to be there.

It is therefore incumbent upon the Board of Supervisors to approve the budgetary needs to the life of the willing mind. The Board must take the steps to expand, intensify and enrich all library services for the citizens of San Francisco.

Mrs. Ida May Brown

George H. P. Alferitz, Jr.

Alvin S. Baron, Chairman

## BOARD OF SUPERVISORS

### Summary

The Board of Supervisors with its particularly strong control over employment and rates of pay, has a major opportunity to redress the problems of the City.

However, the diversity within the Supervisors leaves them fragmented and easily divided on most issues. The political self-consciousness of most of its members, together with the quandary of a city-wide constituency, aggravate the problem. Yet the Board must unify around basic goals if it is to successfully serve the public.

Each Supervisor must realize that, like any legislative body, success comes only from the Board's success. Thus serving their constituencies involves finding and promoting common ground for action.

With the growing volume of business, and a limited time for Supervisors to deliberate, efforts should be directed toward re-evaluating priorities to emphasize legislative areas, and sharpening procedural approaches to the tasks.

### Function of the Board

The Board of Supervisors is made up of eleven individuals elected at large, generally charged with:

- 1) Exercising all powers not specifically delegated to other officials, boards, commissions, or reserved for the people. (essentially legislative).
- 2) Determining the number of employees and fixing rates of pay for employees of each department.
- 3) Shifting department responsibilities if recommended by the Mayor and CAO.

The Supervisors serve on a part-time basis. They are prohibited from interference in the affairs of any department except for inquiry through the board, commission, or department head.

## BOARD OF SUPERVISORS (continued)

### Evaluation of Supervisors

After a year of contact with the Board of Supervisors, both directly and through other City affairs, it is tempting to make evaluations of individual members.

Instead, we would like to merely assure the voters that there is a real difference between the best and the worst. In fact, veteran observers with a variety of viewpoints seem to consistently group the same "top five" Supervisors and the "bottom five". And so, we encourage all voters to become familiar with the votes of the Supervisors on important legislation.

Returning to the Board as a whole, we have broken down our analysis and recommendations into five areas which follow:

#### STAFF

The Board of Supervisors has expanded significantly in the last six years. The budget and staff have almost doubled:

	<u>1968</u>	<u>1974</u>
Employees number	29	56
Staff cost	\$298,000	\$519,000
Budget analyst	--	78,000
	<hr/>	<hr/>
	\$298,000	\$597,000

This expansion has not resulted in a well-organized office procedure, a problem compounded by a definite lack of space. It appears that both paid aides and volunteers need more formal supervision, or at least guidelines for record keeping, proper filing, etc.

The major addition to the Board of Supervisors has been the establishment of a budget analyst position headed by Walter Quinn. Mr. Quinn and his three associate analysts advise the Board on the financial effects of budget changes, and the financial aspects of special studies like the Port.

Unfortunately, Mr. Quinn is in a difficult position in that as "staff" to a legislative body, he does not have as easy access to departments as the Mayor's budget director.



## BOARD OF SUPERVISORS (continued)

In discussions with individual Supervisors, we were surprised to learn that almost no data is available comparing San Francisco to other cities and counties. One real aid to the Supervisors would be some detailed comparative costs and performance standards from similar departments.

We recommend that the Budget Analyst's staff be oriented more in this direction, rather than in near duplication of the Mayor's budget staff.

## PROCEDURES

Much of our procedural recommendation is from a spectator's viewpoint, some of it more form than substance, but maybe significant nonetheless:

- 1) We would recommend - probably in vain - that appointments to Board committees not be based on past support of the new President. When the second highest vote-getter is made Chairman of a relatively unimportant committee, the public is not being faithfully served.
- 2) Proposals coming out of committee seem no more solidified, no more clarified as to the issues, than if the proposal was raised spontaneously on the floor of the Chambers.

We would recommend that each proposal that might be debated, be presented by a few summary pages which would:

- a) Set forth the issues that the Committee feels are most likely to be relevant to the decision.
- b) Include in writing, answers to any specific questions of the particular department head, City Attorney, etc.
- c) State the Committee's recommendation, if any.

This would eliminate a lot of lost time from poorly framed, verbal requests of the City Attorney present at the meeting. It would also commit the department head to an answer in writing as to how much a proposal, or variant of the proposal, would cost or save. When asked verbally in the Chambers, there is no record of his statement.

## BOARD OF SUPERVISORS (continued)

- 3) The calendar needs to be stabilized with approximate times, so that those interested or involved known when to appear. A tremendous amount of time is wasted by City officials waiting for questions or testimony. This is a difficult area to predict, but even dividing the calendar in thirds would establish a rough time.

An additional possibility would be telephoning the City personnel as needed, with the understanding that they would immediately come to the Chambers when called.

- 4) The Board has been callous in its handling of the public, even individuals who were invited to testify. For example, during the Port hearings, people waited more than two hours to testify, the Board suddenly went into executive session and dismissed the waiting witnesses without even an apology. This was not an isolated incident.
- 5) Legislation appears to need a more thorough review to determine the effectiveness of the data as to form, ambiguity, etc. Both Proposition L last year, and the conflict of interest amendment left some unfortunate ambiguities.
- 6) The Board should limit itself to City issues, or take up these non-city issues at the very end of the meeting when all City officials have been excused.
- 7) Almost every visitor to the Board of Supervisors' Chambers comments on the "grandstanding", the posing, the unrelated conversations while another Supervisor is talking, etc. We would recommend that courtesy prevail, that the video-tape cameras be limited to the first five minutes after a break in the session, and that the Supervisors try to maintain dignity.

## FINANCIAL/BUDGETARY/INQUIRY

- 1) During 1974, the Supervisors made a major effort to overhaul the problems inherent in our pay system. Proposition L, though certainly imperfect, was nevertheless an improvement in the areas it addressed. Had it received support and advocacy from the Executive Branch, it might have succeeded.

We feel that it was significant that the Board faced this problem and got a proposal to the voters.

## BOARD OF SUPERVISORS (continued)

- 2) The Supervisors should review the whole aspect of deferred maintenance including the extra costs to the City in labor, shorter life of capital assets, etc. Unless over-ridden by the Board, these funds will be deleted every time departments have a budget cut.
- 3) The Board should establish reporting systems on Federally-funded programs, and should project more than the current year's funding. These grants have become substantial; if defunded, we may find ourselves financing some of these programs out of the general fund.
- 4) The Board of Supervisors is also to be commended for its efforts during the Port crisis.

While the "Committee of the Whole" hearings were awkward and sporadically attended by some Supervisors, the public exposure of the personnel at the Port, and the airing of the many problems, was a real service to the City.

- 5) Appointments, requiring Board of Supervisors' review, particularly of major appointments like the Controller, should be open to the public. There is no other opportunity for the public to be heard, or to size up the candidate.

## LEGISLATIVE

The Grand Jury recognizes that the legislative function of the Board is its most important duty, and one that is often threatened by the pressure of other business.

As issues continue to compete for attention, the Board should consider restructuring its priorities to protect its essential business.

As stated earlier, unity of purpose within the Board can and should be developed around specific legislative areas. We recommend that the Board of Supervisors have a series of private meetings, now and after every election, to reach a consensus on common goals. These can be expanded into specific legislation plans which would be developed throughout the year.

Some important legislative areas that would have wide community support are:



## BOARD OF SUPERVISORS (continued)

### 1) Rule of 1

There seems to be unanimous agreement within departments that the Rule of 3 be used as in other cities. This would permit interviews with the top three people on any position list, and thus match the person and the job more effectively.

### 2) Program Budgeting

Accomplishing this worthy goal will take action from a variety of areas. However, the Board stands to gain a more effective means of financial review. We recommend scheduling out the requirements to accomplish it.

### 3) Retirement Provisions

The Board should review various Charter and Administrative codes covering retirement, including these changes:

- a) The highest 12 months should not be used for retirement calculations, as it is causing well publicized distortions in department work schedules, etc. We recommend an average of the last five years be used, at the base rate for the job.
  - b) Consider major revamping of police and fire retirement provisions by charter amendments covering future hiring. This will require an active promotion effort by the Board members, as well as support from the new Mayor.
  - c) Reconsideration for the Muni benefits package.
  - d) Elimination of the deathbed provisions to reinstitute the coverage of spouse only if married before retirement, not two years prior to death.
- 4) Review of the status of Charter Revision to determine whether earlier efforts could be incorporated into another attempt at passage.
- 5) Establish legal control by the Board of Supervisors over all leases of substantial size, length, or

BOARD OF SUPERVISORS (continued)

involving change of use. Where prevented from legal control, establish binding administrative requirements to accomplish the same purpose.

Keith Doerge

Perry Liebman

Mrs. Elizabeth Spencer Pfau, Chairman

## FINE ARTS MUSEUMS

One membership, three museums, the motto of the Museum Society, points up the fact that in addition to the Asian Art Museum, San Francisco is fortunate to have a Fine Arts Museum with two separate and distinct facilities: the Legion of Honor in Lincoln Park, which specializes in French Art, and the M. H. de Young Memorial Museum in Golden Gate Park, which houses the remainder of the City's permanent collection illustrating the cultures of the Western World from the time of Ancient Egypt and Greece to the beginning of the present Century.

Consolidation of the Board of Directors and staffs of the two Museums, three years ago, has worked well and to the best interest of both Art Collections and to the public.

For both facilities, security and long term capital improvements remain a continuing problem as does financing, both in terms of private contributions and City support. While the logic that governments cannot allocate money to museums when people are without jobs seems irrefutable at first glance, during the recent recession. Museum attendance has increased appreciably. Cannot one conclude that perhaps men's minds and souls need feeding as much as their bodies? Perhaps the inspiration of viewing the artistic accomplishments of the past can give us the capacity to transcend the problems of contemporary circumstances, and the vision to tilt with the dragons which may confront us tomorrow.

At the June 4, 1975 meeting of the Executive Committee of the Board of Trustees of the Fine Arts Museums of San Francisco, it was unanimously agreed to offer to close the Museums to the public two days a week in order to effect the 5% budget decrease requested by the Board of Supervisors. The only other alternative is to reduce the number of security guards.

### Admission Charges

A charge for admission to both Museums has been explored as one way to augment the budget. There are two possible plans, one patterned after the Museum of Fine Arts in Boston, i.e., a voluntary charge, for which the visitor receives a button if he pays, and a dirty look if he doesn't. The other is a mandatory charge. There must necessarily be many exceptions to the latter with generous passes for senior citizens, school children, special groups, etc. In the Legion of Honor, crowd control is not a problem because of the physical aspects of the Museum. At the



## FINE ARTS MUSEUMS (continued)

de Young visitors must enter the central doorway to gain access to both the de Young Collection and the Asian Art Museum. It is felt that there should not be a charge for the Asian Art Museum. Additional personnel are required to supervise the collection of an admission fee and it is questioned whether the revenue will pay for the additional costs and benefit the Museum as well. At present, both the Board of the Museum Society and the staff favor trying the voluntary approach rather than the mandatory charge. Further evaluation is indicated at this time as the Museum Administration does not want to inaugurate a system which later proves inadvisable.

## THE LEGION OF HONOR

1974-75 marked the 50th Anniversary of the opening of the Palace of the Legion of Honor, a gift to the City by Mr. and Mrs. Adolph B. Spreckels in memory of Californians who died in the First World War. Year-long celebrations commencing with the rededication of and reinstallation of the Rodin Court in the Fall, culminated in May 1975 with a Ball held at the Museum.

The thoughtful presentation of the Rodin collection should not be missed, noting the very sensitive lighting, so artfully executed that one is not aware at first view that the light changes imperceptibly, illuminating the figures from every angle. The loan of the Norton Simon Collection, notably the heroic "Burghers of Calais", along with the Spreckels collection, make this exhibition an extraordinary visual experience. Addition of the illuminated niches in the arches of the Courtyard make it possible to display small drawings and plaster casts not previously on exhibit. Paintings and drawings by Rodin are on exhibit in the Galleries downstairs completing the collection.

Consolidation has brought new life and warmth to the Legion of Honor. It has never seemed livelier or been better attended. Public access remains a problem, however, particularly on the weekends. Director of Museums, Ian White, envisions the possibility of having a Museum Loop Bus, not unlike the system in use in Washington, D.C., in the Capitol Mall, which would serve The Legion of Honor, The Asian Art Museum, The de Young, The San Francisco Museum of Art and the Exploratorium on a continuous basis. Students could be used as Docents. A remarkable feature of the Legion of Honor is the Department of Conservation where prints, documents, paintings and drawings can be repaired with the addition of new fibres. This work is so skillfully executed that it is virtually undetectable except under magnification.

## FINE ARTS MUSEUMS (continued)

### M. H. DE YOUNG MEMORIAL MUSEUM

Of major interest at the de Young is the renovation project which will include the construction of new galleries to exhibit the fine American paintings and decorative arts from the Museum's Collection. It is projected that this construction will be finished in time for the July 4, 1976 Bicentennial Celebration. The de Young Museum has the finest collection of American Paintings in the West, only 10% of which are presently on view due to lack of exhibition space. Also of note, in April of 1976, Mr. and Mrs. John D. Rockefeller's collection of American Art is scheduled for exhibition at the de Young. Mr. Rockefeller who heads the Bicentennial Committee, feels that it is appropriate to have American paintings displayed on the West Coast to tell visitors to America from Asia, about our American Heritage.

In addition to the new gallery space (approximately 6,000 square feet are projected) a much needed and long awaited restaurant opening on the Oakes Garden is planned. The Art School will be relocated with a separate entrance, eliminating unnecessary traffic through the collection, a security imperative. Additional storage areas in the basement will also be provided, affording proper protection for items which are presently inadequately cared for due to lack of space. New areas will be developed for the painting, textile and decorative arts conservation laboratories.

The projected cost of this reconstructions is \$1,500,000, some of which is already provided for by specific bequest. The remainder will have to be raised. As all construction is being done within the framework of the existing structure, a negative Environmental Impact Report is anticipated and no opposition is foreseen. Should such opposition materialize, it would be a great disservice to the public.

Aside from the new construction anticipated in this special area, the Museum suffers from prolonged neglect on the part of the City in terms of capital improvement and maintenance. The skylights leak. Paintings are stored on the floor in the basement due to lack of proper space. Access for the handicapped should be provided by the construction of proper ramps at the entrance. It is unconscionable to permit such a cultural asset to deteriorate so woefully.

New techniques for protecting the collection are being explored. A new non-reflecting glass, manufactured in small pieces in Santa Rosa, is in use on some of the more valuable paintings. It is absolutely imperceptible except under extremely close scrutiny and produces no distortion of any kind, protecting the

## FINE ARTS MUSEUMS (continued)

paintings from vandalism and harmful light rays. The ultraviolet light coming through the skylights has done irreversible damage to the tapistries which were formerly hung in the Hearst Court. Needless to say, no amount of glass would protect these, so that changes must be made in the light source in the Museum to prevent future damage. Additionally, the staff is exploring the possibilities of using Halon for fire protection. Its release effects a chemical change, removing the oxygen, putting out the fire without damage to the paintings.

A new truck is badly needed for transporting works of art for both the de Young and the Legion of Honor. When priceless items arrive at the Airport on loan, they must be properly cared for. Transporting items between museums is also a painstaking operation.

From a staff point of view, the Fine Arts Museums are spread very thin, with many members wearing two hats. They are all enthusiastic and dedicated, having spent many years in study to qualify themselves for their present positions. They become very discouraged when some of the craft positions pay proportionately higher salaries than are afforded administrative personnel. Without the services of the 23 CETA employees who augment staff functions they would be hard pressed to fulfill their program.

\* \* \* \*

This committee wishes to commend the staffs of the Museums under the direction of Ian M. White for their dedicated and imaginative service to this community, frequently under trying circumstances.



## ASIAN ART MUSEUM

The Asian Art Commission of 28 members appointed by the Mayor, headed by William E. Goetze, is charged with fulfilling the contractual obligation of administering and caring for the collection of Asian Art given to this City by Mr. Avery Brundage, starting in 1959. In the 16 years since the first bequest, the collection has doubled in size and importance and is valued in excess of \$100,000,000. The provisions of Mr. Brundage's Will brings additional treasures to the collection. It is impossible to under estimate both its scope and its value. The terms of Mr. Brundage's bequests did not provide funds for maintenance of this incomparable treasure and, therefore, having accepted it, the responsibility for its preservation falls full square on this community.

The very able and dedicated staff of 14 person, all multilingual in Asian languages, under the direction of René-Yvon Lefebvre d'Argencé, performs yeoman service in the interest of the collection.

Major problems confronting the Museum in its continued role as a growing, teaching and resource facility are space, indentity, security and finances.

### SPACE

At present, with 75,000 square feet, the Museum's treasures are displayed at the ratio of 1 to 10. That is, for every item on display, ten are in storage. At this rate of rotation, it would take approximately 12 years for the entire collection to be exhibited. There is no gallery in the Asian Art Museum available for visiting exhibitions, so that when one such as the Archaeological Finds of the People's Republic of China, which opened on June 28, 1975, is on display, an even larger percentage of the permanent collection remains in storage.

The current climate of conservationism vis-a-vis construction in Golden Gate Park vitiates any consideration of enlarging the Asian Art Museum in its present site, in spite of the many imperatives which would dictate the logic of such an expansion. Therefore, the possibility of a different site for the Asian Art Museum is under consideration.

Within the next few months, if the Commission demonstrates sufficient support and interest in the creation of an Asian Art Center, a large, highly visible, heavily trafficked and extremely valuable piece of downtown real estate may be made

## ASIAN ART MUSEUM (continued)

available to the Asian Art Museum. Support would have to be demonstrated from outside this area in terms of foundation, industrial and individual commitment to the concept of such a Center for Asian Art at the Gateway to the Pacific. This Center would become the definitive resource in the field.

Building a separate Museum would serve several purposes:

1. It would provide more space for displaying the collection. An estimated 150,000 square feet, or double the present capacity, are projected.
2. A separate site would give much needed individual identity to the Asian Art Museum. The question of identity is a recurrent one as most people have the de Young and the Asian Art Museum hopelessly intertwined in their minds. Separate identity is essential to growth and to concentrate support for the Museum.
3. A cohesive, vertically integrated building, devoted solely to the Asian Art Museum would increase the possibility of maintaining security of the collection, both in terms of the movement of individual pieces, and in terms of storage facilities.

In the present site in Golden Gate Park, the need for a separate elevator continues to be of great importance to the safety of the collection.

4. For many years, proponents of a decentralized Museum have yearned for a downtown site, readily available to the business community.
5. The de Young Museum, with which the Asian Art Museum shares facilities in Golden Gate Park, has additional demands for space and could, ultimately, incorporate the unused space into its museum.

Should the plans for a downtown Museum be abandoned, the present site will have to be reevaluated at some future time.

## FINANCES

At this date, with the prospect of a 5% cut in an already meagre budget, the Museum staff is dismayed at the prospect of trying to fulfill the City's contractual obligation to provide adequate care for the Brundage Collection. They will be unable to operate at the same level as last year and, as at the Fine Arts Museums, closing two days a week or eliminating security

## ASIAN ART MUSEUM (continued)

guards may be the only way to keep within the budget. Neither are desirable alternatives and the former may well be prohibited in terms of the City's contract for the Collection.

## SPECIAL EXHIBIT

On the brighter side, the Archaeological Finds of the People's Republic of China opened at the Asian Art Museum on June 28, 1975. This is an extraordinary exhibition with 385 works of art which span a period time from the Paleolithic Age (about 600,000 years ago) through the 14th century A.D. It includes prehistoric artifacts, ceramics, bronze vases, textiles and calligraphy, to mention but a few items which will be on display. They have been selected from among the findings of recent archaeological discoveries in the People's Republic, and will, after this first major international exhibition, be permanently displayed in Peking. The contract for this exhibition in San Francisco was only just signed by the State Department in April of this year through the good office of Mr. Cyril Magnin. The Asian Art Museum staff had precious little time to prepare for it. They have been working at fever pitch and the presentation will be an exciting one. Record attendance is anticipated for this exhibit which is being presented free of charge under the auspices of the National Foundation for The Endowment of the Arts and through the generosity of private individuals.

Kieth E. Doerge

Perry Liebman

Mrs. Elizabeth Spencer Pfau, Chairman



## ACADEMY OF SCIENCES

Approximately 1,250,000 persons visited the California Academy of Sciences in Golden Gate Park in 1974-75. Founded with the North American Hall in 1916, the Academy, the oldest Scientific cultural Center in the West, now includes the Steinhart Aquarium, the Simson African hall, the Science Museum, the Morrison Planetarium, the Mailliard Library and Cowell Hall. In September, 1975, the Academy will be augmented by the opening of the Wattis Hall of Man and the Meyer Fish Roundabout. These additions, a part of the Academy's long range development plan, will provide a second public entry to the Academy from Middle Drive, which will eliminate the unsightly service and parking areas at the rear of the Academy. It will also provide critically needed research space for the Departments of Botany and Entomology, an unique Aquarium addition, the first facility in the United States designed for schooling fish, and an exhibit Hall of Anthropology. An additional 250,000 persons are expected to visit the completed facility during 1975-76.

Continuing problems which confront the Academy Board of Directors headed by Mr. Paul L. Davies, Jr., are finances and access to the Academy.

As stated in previous Grand Jury reports, the Academy suffers from the closing of Golden Gate Park to vehicular traffic on the weekends. Municipal Bus service has been added in the last year and an additional entrance on Middle Drive will be opened; however, many persons are still unable to avail themselves of this incomparable experience because of inaccessibility. Rainy Sundays are particularly bad, and it is felt that the closing of this particular section of the Park should be reviewed.

Two-thirds of the projected budget of \$2,350,000 for 1975-76 will be raised privately. One-third will come from the City budget. With the proposal of a 5% cut, the staff is faced with the prospect of doing more with less, and concern continues regarding the operation of the Steinhart Aquarium. In 1918, the City obligated itself by Charter Amendment to operate the Aquarium and, at present, is not fulfilling this obligation. In addition, the Academy is trying to raise an additional \$500,000 to cover the escalation in construction costs for the new additions which were incurred as a result of the delays in gaining the approval of the Board of Supervisors for the project.

## ACADEMY OF SCIENCES (continued)

Dr. George E. Lindsay, Director of the Academy, Dr. Robert Orr, Associate Director, and Dr. Jon McCosker and their dedicated staff preside most ably over the world's most unique "library". In addition to original Audubon Folios, literally hundreds of "books" are specimen drawers of, for example, Darwinian Finches, beetles and other curious creatures which inhabit the Earth. To this Committee, viewing the pickled coelacanth specimen brought from the Comoro Islands was incredible. This remarkably ugly fish, whose scales are used to patch bicycle tires by the Island natives, was known to have lived 400 million years ago. It is the closest living relative of forms which gave rise to terrestrial vertebrates. A recent expedition to the Comoro Islands to bring back a live one failed; however, two frozen ones are now in the "archives" providing additional insight into the development of life. Hopefully in the future, it will be possible to view a live one.

Perry Liebman

Mrs. Elizabeth Spencer Pfau, Chairman

## ANIMAL CONTROL CENTER

The San Francisco Society for the Prevention of Cruelty to Animals operates, on a contract basis, the Animal Control Center, commonly known as the Pound, located at 2500 - 16th Street. The Animal Control Center takes in lost and stray animals, cares for them until they can be returned to their owners, adopted or must, sadly, be disposed of. The George Whittell, Jr. Clinic, which will, when fully manned, provide emergency care for stray and injured animals was opened this year. At present, there are not sufficient veterinarians available, and most of this work is still being done in the SPCA Hospital.

The Society continued to be under contract to the City at the rate of \$35,023 per month, providing, in addition to direct animal care, citation enforcement, leash law enforcement, and house-to-house dog license solicitation. Some 33,000 licenses were issued in 1974-75. No records are available to the SPCA regarding the disposition of citations issued during the year (215 in 1974) as the fines are not remitted to the Animal Control Center nor is a report made from the Municipal Court.

This Committee's inspection of the Animal Control Center found it to be well run, clean, and administered by a concerned staff. Mr. Charles Freidrichs, Executive Vice-President, who has been with the SPCA since 1934, is to be commended for his tireless efforts on behalf of animal welfare.

It has been suggested that the Animal Control Center could improve its public relations in regard to emphasizing animal care and training. Cooperation with obedience and training schools should be continued and perhaps expanded to running a free clinic in Golden Gate Park. The Center's facilities for locating and returning lost pets should be emphasized as the familiar stereo-type of the "Dog Catcher" persists in many people's minds. They fear, unjustly, that any animal taken to the Pound will, axiomatically, be destroyed, and poorly treated. While understandably harrassed, handling 59,896 cases involving 60,489 animals during 1974 alone, for example the staff should continue to allay people's fear regarding their services, tell them how to use L-O-S-T D-O-G (a recording of lost and found pets) and acquaint them with other services such as Protect A Pet, Animal Switchboard, KKHI's morning Bulletin Board and Pet's Unlimited Tag Service.



ANIMAL CONTROL CENTER (continued)

Sadly, a large number of animals must be destroyed because of illness due to neglect, injury and abandonment. The method used at the Animal Control Center, is high altitude, low pressure removal of air. It is considered to be the most humane by contemporary standards. Hopefully in time, continued education regarding the responsibility for animals may reduce the number which must be so destroyed.

Keith Doerge

Perry Liebman

Mrs. Elizabeth Spencer Pfau, Chairman

## RECREATION AND PARK DEPARTMENT

The San Francisco Recreation and Park Department is without question one of the most important public service agencies in City government, offering facilities and programs for all citizens. The diversity of its facilities and special programs extends from Golden Gate Park to a mini-park system, from bay frontage to indoor swimming pools, from the San Francisco Zoo to the Small Craft Harbor, from neighborhood parks and playgrounds throughout San Francisco to Camp Mather in the high Sierras. Recreation, rehabilitation, participating and visual sports, and cultural ethnic programs are scheduled on a regular or intermittent basis at Golden Gate Park, the Zoo, 120 neighborhood parks and squares including 83 supervised recreation areas, 7 indoor and 3 outdoor pools, 6 golf courses, tennis courts, several museums, the Small Craft Harbor, 2 day camps, Lake Merced and John McLaren Park plus 22 senior citizens centers, and 5 1/2 miles of beach. One needs only to go to the facility closest to his home to find out where and what is scheduled for a particular day at over 5200 acres managed by this Department.

Golden Gate Park in itself covers more than 1000 acres and is considered the largest "Man Made" park in the world. It also has the sole distinction of having the largest variety collection of Rhododendrons outside of the Orient. It has 15 miles of paved roads accommodating approximately 45,000 vehicles daily, 25 miles of bridle paths, 27 miles of foot paths and bike trails plus many picnic areas with comfort stations. There are over 25 facilities within the park such as the Planetarium, Aquarium, Band Concourse Bandstand, Japanese Tea Garden, handball, tennis and horseshoe courts, riding stables, etc. Recently Directors from 25 U.S. park systems toured Golden Gate Park and considered it to be one of the top three in the nation.

In the past five years the Department, under the management of Joseph Caverly, General Manager, and Thomas Mallov, Executive Assistant to the General Manager, with the approval of the Department Commissioners, through innovative programs, has made considerable progress toward internal reorganization, resulting in increased efficiency, modernization and improvement of existing facilities and increased emphasis on neighborhood recreation programming to fulfill demands of groups of all ages and both sexes where warranted.

The blueprint for this self-initiated effort is outlined in the "Plan for Action" published and adopted about 1971.

## RECREATION AND PARK DEPARTMENT (continued)

Of the Plan's 350 recommendations, almost 300 are in progress or have been completed. This Committee commends the entire Department for the progress to date, and urges continued pursuit for the completion of this plan. Continued achievement toward this goal will require constant budget support from the Mayor and the Board of Supervisors. It is to the Department's credit that it has made noticeable capital improvements with funds derived from special earmarked funds. These include the Zoo admission fee which wholly financed the recently completed Zoo Animal Hospital, and the year-round golf and concession funds, which provided a number of improvements such as re-surfacing tennis courts in Golden Gate Park, security alarm systems and improvements to the golf courses.

The establishment of Special Golf and Concession Funds represents an important way of plowing Recreation and Park revenue back into Department improvements. Other sources of private funding have been the "Friends of Recreation and Parks", donations such as the gift of Koshland Park, and federal and state grants. There are other public spirited citizens and groups - who for years have been underwriting the costs of concerts, performances and varied functions but wish to remain anonymous. These people and groups are to be commended for their civic contribution. All of these factors combined contribute to a lower ad valorem tax rate.

### PARK POLICE

A special park and beach unit of the Police Department was established in 1970 which has contributed to restoring safety in Golden Gate Park. This factor cannot be over-emphasized and we feel that this security and patrol service is fully warranted as it is reported that vandalism has been deterred and that public use has increased because of this improved public safety.

### MAINTENANCE AND ENGINEERING SERVICES

The present engineering services performed by the Department of Public Works for the Recreation and Park Department are not totally acceptable from the standpoint of scheduling, requisitioning, charges, establishing priorities, specialization and other factors. This Department is engaged in an extensive program of modernizing and upgrading its facilities and equipment at all sites. The passage of Proposition J, providing for Open Space Acquisition and Renovation, combined with the new system of community block grants, unquestionably will accelerate this activity.



## RECREATION AND PARK DEPARTMENT (continued)

This Committee recommends that all Recreation and Park maintenance mechanics used from the Public Works Department be re-located to McLaren Lodge headquarters for the cost savings from improved efficiency.

### COMMUNITY BLOCK GRANTS

The first allocation of the new community block grants contains \$683,500 for improvement and renovation of neighborhood facilities where the need is sadly apparent. This Committee commends the Mayor's Office and the Board of Supervisors for recognizing these needs and urges that the Recreation and Park renovation program continue to receive a high priority in future allocations of federal program funds.

### FEES AND CONCESSIONS

As recommended by the "Plan for Action" this Department has increased various rates. These include berth rentals at Yacht Harbor, and rent for the Pacific Rod and Gun Club, St. Francis and Golden Gate Yacht Clubs. The Department is encouraged to continue this program and also to consider similar moderate increases at the Zoo and swimming pools as well as to explore the possibility of a concession at Coit Tower. The present "Free Admission" program on selected days or nights for all citizens and school groups under 16 years of age or over 65 years of age should be continued at all facilities where admission is generally charged.

### STAFF

This Committee feels that the present staff is supplying essential public activities and programs satisfactorily because of innovative scheduling of duties put into practice by Mr. Caverly. For example, the use of mobile teams, automatic sprinkling, and concentration of some activities in one location. Any anticipated curtailment in budget by the Board of Supervisors would probably force closure of some facilities, elimination of some programs, deferring some scheduled renovation or the postponement of maintenance. Some additional professional personnel are recommended for the Hunters Point neighborhood, particularly at the Martin Luther King Swimming Pool when it is covered, to obtain maximum efficiency without padding the budget.

### ADMINISTRATION

The main headquarters for the Recreation and Park Department is located in McLaren Lodge at the entrance to Golden Gate Park near Fell and Stanyan Streets. The Commissioners, appointed by the Mayor and approved by the Board of Supervisors to

## RECREATION AND PARK DEPARTMENT (continued)

serve terms of 4 years are as follows:

Loris DiGrazia, President  
Eugene L. Friend, Vice-President  
Mrs. Carmen J. Dominguez  
Tommy Harris  
C. R. Johnson  
Mrs. J. Eugene McAteer  
Lucien A. Sabella

In addition to Joseph Caverly, the General Manager, the Administration of the Department includes:

Thomas Malloy, Executive Assistant to the  
General Manager  
Mrs. Katherine Colzani, Secretary to the  
Commission  
Joseph Misuraca, Superintendent of Recreation  
John J. Spring, Superintendent of Parks

### Budget

Revenues are incorporated as part of the Department's over-all budget. In the aggregate sense it may be said that revenues generated support budgeted, existing and new programs. However, because of the line item nature of the budget it is not possible to ascertain specific items that are funded from revenue.

The budget for the Recreation and Park Department facilities from 1970 thru 1975 are listed as:

1970-71	1971-72	1972-73	1973-74	1974-75
\$15,464,448	\$16,670,273	\$18,365,679	\$21,895,950	\$21,816,265

The total revenue received through admissions, fees, concession rentals and other sources were:

1970-71	1971-72	1972-73	1973-74	1974-75
\$3,391,608	\$3,441,873	\$3,819,617	\$3,546,282	not available

The estimated annual attendance figures for admission/fee type operations within the park show the following:

1970-71	1971-72	1972-73	1973-74	1974-75
8,510,344	8,104,229	7,411,524	6,947,416	not available

These attendance figures do not include the millions of other citizens using the park facilities for outings, concerts,

## RECREATION AND PARK DEPARTMENT (continued)

picnicking, museums, exhibits, horseback & bike riding, etc.

The "Vane Bequest" of more than \$500,000.00 for establishing a Senior Citizens facility in Golden Gate Park has been held up by organized groups for some time. The recent decision by the Board of Supervisors, however, to use approximately 1/3 of the funds for improvement of the present Senior Citizens facility at the Police Academy Building and 2/3 of the fund for a new facility to accomodate the downtown Senior Citizens appears to meet the requirements of all concerned and of the stipulations of the Vane Will. The Department reports that an architect has been assigned to design and plan for changes at the Police academy so that the project can get under way.

This Committee recommends that the entire project get under way promptly in order to avoid further problems.

This Committee was extended all proper courtesies and cooperation in its survey from all Personnel-including tours and inspections at park sites.

This Committee feels that many San Franciscans are not aware of all of the Park & Recreation programs and facilities available. Therefore this Committee makes the following recommendations for greater utilization and use of Park & Recreation facilities:

1. That all schools and organized groups be made aware of scheduled and special programs, and attendance and visits by organized groups be encouraged.
2. That a program be developed with the audio, visual and printed news media as a public service to regularly list the current programs available.
3. That efforts be made with the Armed Forces Special Services Branches to take movies of the park facilities in order for them to be shown to any organized group at schools or to be used as an educational and informative program.

Since the preparation of this report, we were informed that Mr. Joseph Caverly has resigned as General Manager. This Committee wishes him the best in his new position. The Commissioners have selected Mr. John J. Spring, who has been with the Department for over 25 years, and more recently as Superintendent of Parks, as the new General Manager. We feel that this was a very practical move and that he and Mr. Tom Molloy as Executive Assistant will continue to pursue the programs and scheduled



RECREATION AND PARK DEPARTMENT (continued)

completion outlined by Mr. Caverly, with some additional refinements where possible.

Perry Liebman

George P. Hoerr

Albert A. Biagini, Chairman

## SAN FRANCISCO POLICE DEPARTMENT

The Police Department has one of the larger budgets of any department in the City and County of San Francisco. The following is a tabulation showing the escalating costs of police protection - (in millions of dollars)

	<u>1972-1973</u>	<u>1973-1974</u>	<u>1974-1975</u>	<u>1975-1976</u>
Payroll	\$43.9	\$49.4	\$57.0	\$65.1*
Total	\$48.1	\$53.3	\$61.3	\$70.2

\*This figure does not include funds for projected pay increases for the next fiscal year. It is estimated that an additional \$9 to \$11 million will be required, depending upon the increases finally approved by the Board of Supervisors.

San Francisco Police Officers are granted very liberal pension benefits. In fiscal year 1975-1976, the cost of retirement benefits to the City will amount to \$57.00 for every \$100.00 in gross salary. Because of the escalating costs of both salaries and benefits, every effort must be made to increase the efficiency of the Department. At the present time, the minority employment among the sworn personnel of the San Francisco Police Department is as follows:

Blacks	80
Latino	80
Chinese	5 (approximately)
other Asians including Filipinos	7
Females	13
<hr/>	
Total	185 (approximately)

Present strength is approximately 1800, with 1956 sworn personnel authorized.

This Committee recommends that the San Francisco Police Department continue its Affirmative Action Program.

## SAN FRANCISCO POLICE DEPARTMENT (continued)

The Grand Jury Committee for the Police Department, in the course of its investigation, has:

1. Conducted discussions with the Chief of Police, his Deputies, the Captains in charge of various departments;
2. Attended several meetings of the Police Commission;
3. Visited all the Police Stations, the City Jail, the Crime Laboratory, and the Police Academy and Gymnasium; and
4. Rode with the Patrol Force (Black and White) and Field Patrol Company Units (formerly the Crime Prevention Company).

Our observations and conclusions will be presented in three categories:

### FACILITIES

#### Northern Police Station

This Committee recommends the abandonment of the Northern Police Station, located at 841 Ellis Street, and immediate construction of a new facility through the Capital Improvements Budget. The present station is an old school building which was condemned for use as a school site many years ago. As a police station, it is entirely obsolete and presents many safety and custodial problems. Prisoners awaiting booking are handcuffed to benches and citizens having routine police business are forced to mingle in the same area. The station lacks adequate parking.

#### Southern Station

The Committee recommends remodeling of Southern Station, which is located on the first floor of the Hall of Justice - Bryant Street entrance. The working area is congested and cluttered, while other space in the Station facility is under-utilized.

#### Crime Laboratory

The Committee, when visiting the Crime Laboratory, observed personnel laboring under a great handicap. Hallways are cluttered with card board boxes of marijuana taken in raids; and all available storage space is being utilized for narcotics and other dangerous drugs which must be kept on the Crime Laboratory premises until a case is resolved. The facilities for the ballistics personnel are entirely inadequate. At the present time,



## SAN FRANCISCO POLICE DEPARTMENT (continued)

such facilities, together with a large gun collection for comparison firing purposes, are locked in a room, usually unattended, in the basement of the Hall of Justice. The Grand Jury recommends that additional space be made available as soon as possible for expansion of the Crime Laboratory, storage of narcotics, and relocation of the ballistics department.

### EQUIPMENT

At the present time, equipment, in general, is sufficient. The acquisition, however, of more PIC radios would enable more officers to be assigned to patrol. In many instances the lack of a radio forces patrol beats to be cancelled.

A modest increase to the vehicle fleet would enable the Police Department to expand its radio car activities. In some cases, due to lack of available squad cars, four officers will be assigned to one car.

### Police Call Box System

The Police Call Box System was installed in the days when telephones were scarce and radios were virtually non-existent. Today, almost all police teams carry a PIC radio with which they can communicate or be called through the Police Communication Center. For those communications of a confidential nature, which are not suitable for broadcast, there are public telephones available on the city streets and in business establishments. With the advent of 911, the Central Emergency Number, it will be possible to make calls to that number from public telephones without using a coin. In addition to its large maintenance cost, the Police Call Box Switchboard must be manned twenty-four hours a day, seven days a week. It hardly makes sense for a police officer to use a call box when he has the means of immediate communication attached to his belt! This Committee recommends that the Police Call Box System be abandoned.

## OPERATIONS

### Supervision

The Police Committee is concerned about the quality and degree of supervisions, particularly of the patrol force. The Committee recognizes the difficulty in supervising a force which is geographically scattered and whose units for the most part must operate on their own. At the present time, the Department depends primarily on citizens' complaints before looking into conduct of certain officers. The Committee would like to see a more positive approach taken. The Department should have line supervisors

## SAN FRANCISCO POLICE DEPARTMENT (continued)

(i.e., Sergeants) take a more active role in determining performance quality on the part of any individual officer or unit. The Department has no training program for first line supervisors and such an educational program should be implemented immediately.

Another approach to evaluation should be a random sampling of persons using police services, by means of a questionnaire or interview, to determine the adequacy of the Police Department's response to the needs of the citizens.

### Response Time

The primary factor in apprehending a person responsible for a crime is the time which elapses between the commission of the crime and the time when the police arrive on the scene. The location of police cars and the speed of dispatch are the factors which determine the police response time.

Under the present system, the location of the crime is usually given over the radio, and one of the local district units acknowledges and responds. The Central Dispatch Office does not assign the specific unit patrolling in the area where the alleged crime is being committed. This sometimes results in a long delay in arrival time, if several squad cars are out of service in the same general area.

At one time, a Computer Assisted Dispatch System was to have been implemented. Under this system, a computer would determine the nearest available squad car and relay the complaint and address to the officer by the DIGICON Terminal in the squad car. This system was never implemented due to the fact that the nearest available squad car was never known. These dispatch problems should be contrasted with the very efficient Fire Department Manual Dispatch System which is currently being implemented to a fully Automatic Computer Dispatch System. The reason that the Fire Department Dispatch System is so efficient is that at all times the status of units is known (i.e., in or out of service) and the location from which they are responding is fixed (i.e., a fire house).

There are several ways to bring the conditions of the Police Department more closely in line with those of the Fire Department, so that efficient and automated dispatch is practicable. The principal way this can be accomplished is by having smaller patrol districts (i.e., the smaller the patrol district - the more nearly a fixed point of response).



SAN FRANCISCO POLICE DEPARTMENT (continued)

Smaller patrol districts can be created without additional manpower or additional cost by the following means:

1. Reassignment of some Field Patrol Company Units to District Stations;
2. Elimination of the Bureau of Special Services and reassignment of its personnel to District Stations;
3. During off-peak hours when automotive equipment is available, to implement one-man patrol units in the Black and White squad cars. This would effectively double the visibility of the patrol force and reduce by 50% the patrol area assigned to each car. Obviously, for certain violent crime areas, this recommendation would not be feasible.

All Field Patrol Company Units, at the present time, report to the Captain of the Field Patrol Company Units, headquartered at the Hall of Justice. In addition to their special training in areas such as weapon teams, handling of persons holding hostages, dog units, and riot and crowd control, these Units are assigned generalized patrol areas which cross district station boundaries. With the exception of some specialized units, such as the dog unit, this Committee recommends the transfer of a large portion of the Field Patrol Company to the direct control of the individual District Station Captains. The District Captain would then assign such personnel to a normal beat within the District. In the event an incident occurred requiring these specialized Field Patrol Company Units, they would go "out of service" in their individual districts and would report to the scene of the incident.

This recommendation would result in closer supervision of the Field Patrol Company Units, since they would be assigned specific beats under the supervision of a local District Captain; and would further result in smaller beat areas - thus diminishing response time to an incident.

With the advent of the State Law legalizing acts between consenting adults, it would appear that the need for the Bureau of Special Services is reduced to investigating gambling incidents. Consideration, therefore, should be given to abolishment of the Bureau and assignment of its personnel and vehicles to the District Stations throughout the City. More beats could patrol our streets and, as outlined above, the resultant beat size would be reduced, as well as incident response time. The control of gambling activities would become the responsibility of the local District Captain. In the event the Captain did not



SAN FRANCISCO POLICE DEPARTMENT (continued)

take action in a gambling situation, it would become a matter for the Internal Affairs Unit and/or the Intelligence Unit.

The Committee has been advised that our recommendation concerning one-man patrol units, during off-peak hours, can be implemented only by volunteer officers. The Chief of Police has a Memorandum of Agreement with the Police Union, prohibiting the use of one-man units, except on a voluntary basis. The Committee is astonished by the existence of such an agreement. Police officers are provided with express authorization to carry weapons, are provided with bullet proof vests, and are provided with radios with which to call for assistance. The Police Commission and the Senior Officers of the Department should perhaps consider the plight of the individual citizen, who, at times, must walk the streets alone without any of this protection - before negotiating and/or renegotiating such Memorandum Agreement in the future.

Miss Joyce M. Cirimelli

John G. Kamena

George P. Hoerr, Chairman

## DEPARTMENT OF FINANCE AND RECORDS

Subject to the approval of the Chief Administrative Officer, the Director of the Department of Finance and Records, Mr. Virgil Elliott, administers the services and activities of the Departments of Finance and Records, Agriculture and Weights and Measures, County Clerk, Recorder, Registrar of Voters, Public Guardian, Tax Collector, Records Center, and the Farmers' Market.

Mr. Elliott should be commended for doing an outstanding job, even though many of his departments are understaffed.

## DEPARTMENT OF AGRICULTURE AND WEIGHTS AND MEASURES

The Department of Agriculture and the Sealer of Weights and Measures were merged in 1972, with Mr. Raymond L. Bozzini, the Commissioner of Agriculture, assuming the duties of Sealer of Weights and Measures.

## DEPARTMENT OF AGRICULTURE

The general purposes of the department are to promote and protect the agricultural industry, to protect and benefit both the grower and the consumer by enforcing the provisions of the Agricultural Code, and to promote and protect the health and welfare of the public.

This department inspects fruits, vegetables, eggs, nuts, and honey in both wholesale and retail establishments. Inspections are made of nurseries, seed farms, apiaries, post offices, express and freight terminals, in order to detect plant diseases and insect pests, and to enforce the plant quarantine requirements.

The personnel of the department consists of an Agricultural Commissioner, a Deputy Agricultural Commissioner, six agricultural inspectors, and a senior clerk. The position of Deputy Agricultural Commissioner has been vacant for a year, which places an added burden on the Commissioner.

Mr. Bozzini does an excellent job, and this Committee recommends additional help to assist him.

## DEPARTMENT OF FINANCE AND RECORDS (continued)

### SEALER OF WEIGHTS AND MEASURES

The Sealer of Weights and Measures of the City and County of San Francisco is charged with the enforcement of laws and specification as prescribed in the Business and Professions Code of the State of California, and Title 4, Chapter 8, of the California Administrative Code.

The primary function of this department is to ascertain the accuracy of commercially used weighing and measuring devices at the retail and wholesale level; the conformity of petroleum products to state specifications and to quantity control to insure that the consumer receives true value of weight or measure in packaging by requiring that all statements of quantity on packaged goods be accurate, easily found, and understandable in accordance with packaging and labeling practices.

Testing of electric submeters has not been covered by the department because personnel and equipment to perform this function have been deleted from the budget, even though various firms have requested the Department to perform this very important duty. There are 15,000 meters in San Francisco.

Taximeters are being tested by the fifth wheel method, a slow process which could be facilitated by 60% by the purchase of a road simulator.

Staff of this department consists of the Sealer of Weights and Measure, one senior inspector, six inspectors, and one clerk typist.

This committee recommends additional personnel to handle the various functions, the purchase of a road simulator, and the purchase of new vehicles to facilitate the various functions of this department.

The committee would also like to commend Mr. Bozzini for a job well done.

### THE FARMERS MARKET

The San Francisco Farmers' Market opened on August 12, 1943, during the war time as an outlet for surplus and distressed crops from the neighboring counties. Its first location was at Market Street and Duboce Avenue and was operated by the farmers themselves. The City and County assumed management on August 1, 1944.



## THE FARMERS MARKET (continued)

The Farmers' Market opened at its present location, 100 Alemany Blvd., on August 3, 1947, under a City Ordinance which authorizes the Chief Administrative Officer to establish a Farmers' Market which is to be administered by him or by any department under his jurisdiction. It is now under the supervision of the Agricultural Commissioner, who reports to the CAO through the Director of Finance and Records.

The Farmers' Market Ordinance requires that fees charged shall be sufficient to pay the operating and maintenance costs of the Market, and in addition to repay the City and County, within a reasonable period, any capital improvements at the Market. As of June 30, 1974, \$433,388.70 had been repaid to the City. This is \$174,711.65 in excess of the cost of the land and capital improvements at the Market, which amounted to \$258,677.05.

Sales at the Market are prompted through news releases to newspapers, radio, and television stations, and other publicity outlets. In addition, growers are mailed certificates and news information. Informational letters concerning the Market are sent to all county agricultural commissioners throughout California.

The Market operates on a five-day week, Tuesday through Saturday from 7:00 A.M. to 6:00 P.M.

The Market is staffed with a manager, Mr. William A. Berner and a senior clerk-typist. A janitor is supposed to be a part of the staff, but at the present time this position has not been filled.

According to the manager, many of the improvements recommended by last year's Grand Jury are being implemented.

The one major problem is traffic, and a left turn signal into Alemany Blvd. is recommended to facilitate egress.

This committee also feels that a comprehensive study of the Farmers' Market should be initiated to determine whether the Market has outlived it's intent as an outlet for surplus and distressed produce.

## COUNTY CLERK

The County Clerk's office serves as the ministerial arm and office of record of the Superior Court. In addition, certain statutory indices are maintained. Branch offices are located at the Hall of Justice, Youth Guidance Center and San Francisco General Hospital.

Mr. Robert Hare is Acting County Clerk, with a staff of 82. At the present time, the office has six less employees because of a budget cut.

The County Clerk's City Hall office has been undergoing remodeling during 1974-75, with significant improvement in operation, including a more secure system for the public's accessibility to the files, because the persons requiring use of the files must now obtain them from the office staff, rather than the old system of self-service. The filing system has been changed from the old drawer type to sliding open shelves, with the advantage of holding 40% more material. The depositions have been moved to one area, instead of being scattered throughout the office, resulting in better security and the various newspaper correspondents are seated in one area at the entrance, a much more accessible location for the public.

The Assistant County Clerk is installed in a glassed-in office, which results in a more efficient method of overseeing the staff. His former desk was directly in the path of traffic, and he was constantly being interrupted.

This committee recommends the installation of a central security cabinet or file to store documents being used in the courtrooms, when the courts are not in session.

The committee also inspected the County Clerk's Criminal Division office at the Hall of Justice. The office at the Hall of Justice has undergone modernization of the filing system through a grant from the California Council on Criminal Justice.

In order to insure against the loss and/or misplacing of valuable information, and to streamline the keeping of Adult Probation report records, transcript records, and diagnostic records, a Microfiche Index system has been installed.

## COUNTY CLERK (continued)

Open sliding shelves have replaced the old drawer type files; and a safe has been added to insure the security of evidence, documents and exhibits.

Mr. Hare should be commended for running a very efficient operation.

## RECORDER

The Recorder's office, as required by law, receives for recording all papers or notices that may legally be recorded, and makes and keeps a true copy of the original, indexes the same, and arranges the books of records and indices in suitable places to facilitate their inspection.

Mr. Lawrence Leguennec ably heads this department with a staff of 23.

On January 1, 1973, this office changed from indexing all documents by handwritten entries to an EDP system. This new procedure eliminates the two book grantor-grantee system and provides for indexing all parties in alphabetical order in one book. Each morning an index is printed for documents processed the previous day. Daily indices are merged weekly; weekly indices are merged monthly, these in turn are merged quarterly. Funds were made available to produce the 1973 Index on Microfiche instead of the bound, handwritten volumes of prior years.

Two Microfiche readers and four sets of the Microfiche were purchased at a cost less than that for binding grantor-grantee indexes in past years. Microfiches for future years will cost approximately \$30.00 per year instead of costly binding. There has been a substantial savings in space by elimination of the storage of 32 large volumes each year. The new system has proved satisfactory for public as well as office use.

This department continues to provide "free" or "official" recordings, i.e., the service rendered to war veterans, dependents of war veterans, compensation and pension claims, old age pensions claims, and miscellaneous Federal, State, City or other political sub-division recordings, which service is required by State law to be performed without fees.

A team from the Genealogical Society of the Church of the Latter Day Saints has been working in this department recording indices from before the fire of 1906 on microfilm. This project is of great historical importance.



## RECORDER (continued)

This committee recommends remodeling this office to have the staff situated in a concentrated area, instead of scattered throughout the office and becoming intermingled with the public.

Mr. Leguennec, in this committee's opinion, is an outstanding department head, resourceful, dedicated, and instrumental in streamlining this department to a point of extreme efficiency.

## REGISTRAR OF VOTERS

The Registrar of Voters is in charge of the registration of voters and conducting elections. He works closely with City and County officials, and agencies, State and Federal authorities, political groups and others on policy matters.

Mr. Gilbert Boreman, the Registrar since September, 1974, has now been replaced by Mr. Lawrence Leguennec, who is also the Recorder. The very capable Mr. Frank Quinn is the Assistant Registrar of Voters and Office Manager.

A small permanent staff of 22 is supplemented by temporary workers averaging about 123 weekly during registration and mailing periods prior to an election. In the month prior to the election and the two weeks following, the crew of temporary voting machine servicemen approximates 40 men. On election day 4,000 precinct election officials are employed. Temporary workers average about 67 full time positions if computed on an annual basis, therefore the Registrar's staff, when the 67 full time equivalents are added to the 22 permanent workers, numbers 89 full time jobs.

During non-election periods, it appears as if the office of the Registrar has adequate space, and because of this factor, other departments of the City and County usurp space delegated to this important office, therefore, preceding and during an election, space is limited and it is very difficult for the office to function. That they do such an excellent job, is to be commended.

An added space problem is caused by the necessity of filing documents because of the Disclosure Act. These documents are accessible to the public and security is also a problem.

The election of November 1974, was closely observed by the Grand Jury committee, and despite the antiquated procedures of operation, it was accomplished in an very efficient manner.

## REGISTRAR OF VOTERS (continued)

The lack of space to properly train the polling inspectors has become a major problem. Adequate training of personnel is essential to the efficient operation of an election.

The voting machines, built in 1924, are proving to be unable to cope with the increasingly larger ballots of the present era. The machines are so old that replacement parts must be made by the department.

In spite of the various space, personnel, and voting machine problems, Mr. Boreman, Mr. Quinn, and the staff did a remarkable job in running a smooth election in 1974 and should be commended.

The Grand Jury recommends:

1. More space to be allotted to the Registrar.
2. Remodeling as needed in the office.
3. Because of the rapidly changing technology in voting systems, no major expenditures are recommended at this time. The department is urged to keep abreast of new developments.

## PUBLIC ADMINISTRATOR - PUBLIC GUARDIAN

The Public Administrator is an officer of the County government as described in Section 24000 of the Government Code, and is provided for in the Charter of the City and County of San Francisco.

The duties of the Public Administrator as both a conservator and an administrator of the estate of deceased persons is set forth in Section 1140 of the Probate Code.

All functions pertaining to each estate are handled by the office staff, which at this time is five below budget.

For the past eight years, the backlog of cases has continued to increase. At the present time there are 2200 open cases.

Until such time as the Public Administrator - Public Guardian's office is fully staffed, it will be impossible, not only to clear up case backlog, but it will be unable to process the current cases within a reasonable time. The net result of an understaffed office is that fees and commissions which are due

## PUBLIC ADMINISTRATOR - PUBLIC GUARDIAN (continued)

when an estate is closed, and which are deposited in the General Fund, are being deferred indefinitely.

The Public Guardian, like any other guardian appointed by the Court, has the care and custody of the person of his ward and the management of his estate until legally discharged, or in the case of guardianship of a minor, until the minor reaches the age of majority, or the ward marries at 18 or over.

Mr. Con Shea, the Public Administrator - Public Guardian, takes a personal interest in the wards in his care, and in the case of incompetent people, assists them in collecting welfare, Social Security, or other benefits.

Mr Shea and his staff should be commended for their dedication, and their competence.

This Committee recommends:

1. More staff to handle the backlog of cases.
2. A semi-annual audit of the Public Administrator's office. (There has not been an audit since 1970).

## TAX COLLECTOR

The office of the Tax Collector consists of seven divisions: Real Estate, License, Business Taxes (which include Payroll Expenses, Gross Receipts, Utility Users, Parking and Stadium Operator Taxes), Investigations, Parking Meters, Cashiering and Delinquent Revenue. All of these divisions are revenue producing and depend on the initiative and dedication of their employees to bring in maximum income to the City and County.

The Tax Collector is Mr. Thaddeus Brown, with a staff of 136 permanent employees, 20 temporary seasonal employees, and five EEA employees.

During the 1973-74 fiscal year, the Cashier's Division collected \$373,534,436.32, an all time high for the nineteenth consecutive year.

Peak periods for tax collection were from March 1 to September 15 for unsecured personal property taxes, and from November 1 to December 31 and March 1 to April 20 for real property taxes. Peak periods for license collections were in January,



TAX COLLECTOR (continued)

July and October. Business Taxes were collected January through June.

The Parking Meter Division collects and prepares for deposit, all coins paid into the parking meters.

Fifteen Parking Meter Collectors, and two Supervisors, one inside and one outside, are used in the operation.

Total revenue from meters for the fiscal year 1973-74 was \$2,055,237.08.

The Uniform Sales and Purchase Tax has been collected since July, 1958 by the State of California as agent for the City and County and the revenue minus the collection costs are returned to the City.

The amount credited to San Francisco for 1973-74 was \$28,338,922.31.

The Business Tax ordinance went into effect on October 1, 1968, and the Payroll Expense Tax Ordinance on October 1, 1970.

No person or association is required to pay both these taxes. After calculating the tax due under each ordinance, each person or association is required to pay the higher of the two taxes.

The Board of Supervisors passed the Utility Users Tax Ordinance on October 1, 1970. The tax is 5% of the charges made for such services, and is paid by the user to the supplier who remits collections to the City monthly.

The Board of Supervisors passed a Parking Tax Ordinance effective October 1, 1970. Originally the tax was 25%, but in 1972 it was reduced to 10%. The tax is collected by the operator and remitted quarterly to the City.

The Board passed a Stadium Operator Tax Ordinance, which became operative November 1, 1970. This imposed a tax on any operator of athletic contests, and other special events in an amount equivalent to fifty cents on each admission sold for the right to occupy a seat or space in any stadium with a seating capacity over 50,000 permanent seats within the City for each event.

The estimated revenue from the Business Taxes for 1974-75 is \$35,980,000.00.

## TAX COLLECTOR (continued)

The Real Estate Division's service to the public continues to improve with the adaptation of EDP to the property tax collections and accounting. Now the taxpayer returns only the installment stub with his payment instead of the entire bill. These bills are read by IBM scanners. Only those bills that are correct are accepted and those in error are rejected. Rejected bills are returned to the Tax Collector's office for reconciling. After the errors are found, corrected bills are prepared and returned for EDP.

The IBM printer and the two viewers in the Real Estate Division, are valuable electronic aids. The printer can issue a duplicate bill almost immediately while the viewer enables the information clerks to give instant information concerning every property in San Francisco.

San Francisco's rate of real estate tax delinquencies continues to be among the lowest of the major counties in the State.

The Tax Redemption function was transferred from the Controller's office to the Tax Collector's office in 1972. One of the main functions of the Tax Redemption Unit is to prepare and set up appropriate index records of tax-sold property. These records are kept regularly posted to reflect the immediate status of all items remaining unpaid on the delinquent rolls or abstract lists.

For the fiscal year 1973-74 the License Division showed an increase in gross receipts of \$92,000.00. This can be attributed to an increase of approximately 9,000 dog licenses purchased due to an intensive S.P.C.A. field canvassing program.

Although a separate budget item, The Hotel Room Tax is collected by the License Division. Increase in revenues are reflected in the Hotel Tax due to raising of the 5 1/2% tax to 6%, which became effective January 1, 1973.

The Hotel Room Taxes collected in 1973-74 were \$6,682,189.07, as against \$5,396,705.28 collected in 1972-73.

A total of 13,896 accounts, other than personal property billings, were transferred to the Delinquent Revenue Division by various City and County departments during 1973-74.

The Tax Collector of the City and County of San Francisco is a civil service employee, while in most California counties it is an elective office.

## TAX COLLECTOR (continued)

Mr. Thaddeus Brown, Tax Collector, is an able administrator and he and his staff are to be commended for their efficiency, dedication and service to our community.

## RECORDS CENTER

The Records Center was established by Board of Supervisors' Ordinance #7070 in 1951 to store, manage, and safeguard the City's records, and to act as a service agency without cost to the various City departments.

The Records Center is staffed with three permanent and two temporary clerks headed by Mr. Charles A. Smith, Superintendent.

The Records Center, located at 144 Townsend Street, is now operating at capacity.

The accepted standard ratio of references to cubic feet of stored material in a records center is no more than one to four. The San Francisco City and County Records Center is four to five. This extreme activity, however, is primarily due to the necessity of the County Clerk to store overflow records at the Center because of lack of space in the County Clerk's office. References in fiscal year 1973-74 to the County Clerk's records alone amounted to 21,531, representing 77% of the Center's total references for all departments.

The City has leased, for the storage of microfilm, 110 cubic feet of storage space in Western States Underground Storage Vaults at Zayante, California. Should disaster strike the City, the records would be protected in this distant safe underground vault.

The committee examined the premises at 144 Townsend Street, and found them to be very poorly maintained. Mr. Virgil Elliott, Director of Finance and Records, is aware of the situation. At the present time, the Real Estate Department is trying to locate another building to house the Records Center, and possibly other City departments.

Proper transportation should be available to the clerks of the Records Center to transport records to and from City Hall. At the present time public transportation is used, which is time consuming and unsatisfactory.

This Committee recommends that transportation be furnished for staff to facilitate record transport to City Hall.



RECORDS CENTER (continued)

Mr. Charles Smith should be commended for doing an exemplary job under very trying circumstances.

Faxon H. Bishop

William G. Menary, Jr.

Mrs. Ida May Brown, Chairman

## SAN FRANCISCO PORT COMMISSION

Past Grand Juries in summary reports have elaborated on functions, responsibilities, activities, staffing and salary problems, budgetary requirements, etc., of City and County offices. This report shall go directly into the dramatic and festering problems that struck the Port, seemingly without prior public awareness.

Many of the highly publicized stories headlined by the media during the months of July through October 1974, tended to be just that--good news stories. The move by American President Lines to the Port of Oakland in October, 1974, was the final step in negotiations started years earlier.

The availability of the controlling stock interest in Pacific Far East Line was a well known fact among shipping people locally and nationally. The fact that the Port of San Francisco allowed PFEL to become 1.7 million dollars in arrears in its rent due the Port, reflects the poor management of the Port.

The Port Committee of the San Francisco Grand Jury highly commends Mr. Bernard Orsi for his remarkable skill demonstrated during the several months of his appointment as Acting Port Director. In February, 1975, a new Port Director, Mr. Thomas T. Soules was appointed. This Committee has met with Mr. Soules several times and concludes that he is a very capable man and an expert in the area of Port Management. Tom Soules is a dedicated professional Maritime Administrator. In order to operate the Port of San Francisco successfully and in a business-like manner, Mr. Soules must be given a free hand, completely devoid of political considerations.

### LEASES AND GIFTS OF PUBLIC FUNDS

In 1970 the San Francisco Port Commission signed 66 year leases with 10 tenants at Fisherman's Wharf without provisions to adjust the rental rates until 1995. The best interests of the Port have not been served by negotiating such long term leases without the ability to periodically adjust rental rates on the basis of current economic conditions.

The above is the essential summation of the Report of the Office of the Auditor General on the Review of the Operations of the San Francisco Port Commission dated April 1975. The con-

SAN FRANCISCO PORT COMMISSION (continued)

clusions of that report state simply that such rental rates and renegotiation periods in leases, are-- "Not in the best interests of the Port".

This Committee of the Grand Jury takes a stronger and more vigorous view of these conclusions.

The 1969 minutes of the meetings of the Port Commission at the time these leases were negotiated indicate that the Commission was unsure as to what the appropriate rental rates should be. On the other hand, the minutes of the Commission meetings are not clear as to the basis for the rates which were finally adopted.

There is a basic principle that no part of government can make an irresponsible gift of public funds for any purpose. It is the feeling of this Committee that a lease not subject to review for 25 years or until 1995, is indeed, an irresponsible gift of public funds. The report of the State Auditor General projected that this lease differential involving only these same 10 Fisherman's Wharf tenants, amounts to a potential loss of revenue of \$3.66 million. For the Port Commission to enter into leases which preclude renegotiation of fixed percentages of gross sales for a period of 25 years is unconscionable.

This Committee therefore recommends that the Grand Jury ask the City Attorney to file a lawsuit in order to reform those earlier leases. We believe the Port Commission acted in excess of its jurisdiction in making a gift of public funds.

We further recommend that the San Francisco Port Commission include a provision in all future leases with Port tenants that assures the flexibility to adjust rental rates at least once every five years on the basis of current economic conditions. Proper implementation of these recommendations should result in fair and equitable rentals charged to and paid by Port tenants.

It should be noted that although the Commercial Property Consultant to the Port provided somewhat standardized procedures and lease policies for approval by the Port Commission, as of this time the Commission has not approved nor adopted any of them. The Property Rental Manager of the Port is still guided by outmoded procedures initiated many years ago by previous commissioners. The Port Commission agreed at its meeting of January 28, 1975, that it was postponing consideration of the adoption of formal leasing policies and procedures until the new Port Director becomes familiar with the operations of the Port. The Grand Jury would concur with such a statement made in January, 1975. It is now June, 1975.



## SAN FRANCISCO PORT COMMISSION (continued)

The Port Committee of the Grand Jury feels that the matter of revised leasing policies and procedures is of sufficient importance to require an immediate meeting of the minds of the new Port Director and the Port Commission to implement the revised program as soon as possible.

## ECONOMIC DEVELOPMENT ASSISTANCE FUNDING AND GRANTS

The State Deputy Auditor General, Mr. Phillips Baker, in October, 1974, set up an office in the Ferry Building. He and several audit supervisors conducted an in-depth audit of the Port operation in all its phases. The Port Committee of the Grand Jury met with Mr. Baker and his staff on November 1, 1974, and discussed mutual areas of inquiry. They offered not only to share their scope of information with the Grand Jury, but, in addition, to make inquiries into specific areas requested by the Port Committee.

The following information and recommendations are taken in part from the April, 1975 Report of the Office of the Auditor General on the Operations of the San Francisco Port Commission.

As an introduction to this report, the following is noted:

"Port policy is established by the San Francisco Port Commission, consisting of five persons appointed by the Mayor subject to confirmation by the Board of Supervisors, for terms of four years each. The Port Director, as the chief executive of the Port, is responsible for the Port's administrative activities. The current Port Director assumed his responsibilities on February 14, 1975".

"For the first time since the Port was transferred from the state, the San Francisco Port Commission's proposed budget for fiscal year 1975-76 reflects the need for ad valorem tax support. The Grand Jury and personnel of the City and County of San Francisco, including the Budget Analyst of the Board of Supervisors, have cooperated with us fully during the course of our audit".

As the report continues, it reveals one of its most vital aspects, namely federal funding of maritime construction.

## SAN FRANCISCO PORT COMMISSION (continued)

### THE SAN FRANCISCO PORT COMMISSION HAS NOT EFFECTIVELY PURSUED FEDERAL GRANT FUNDS TO FINANCE CONSTRUCTION OF PLANNED PIER PROJECTS

In order to receive federal Economic Development Assistance (E.D.A.) the following steps are necessary; (1) the local government must be declared eligible by the U. S. Department of Commerce, (2) local matching funds must be provided and (3) a determination made that the proposed projects have merit.

In 1969 the initial steps were taken that resulted in San Francisco being declared eligible for federal Economic Development Assistance in 1971. At that time, the Port was requested to submit both grant applications and a supporting resolution by the Port Commission. Applications were submitted but the Commission did not pass the necessary resolution.

In 1972, the Port Commission adopted a resolution to seek federal grant fund assistance, however, the resolution specified that the Port was not yet committed to provide matching funds. The grant applications, which total \$42.9 million, state that the necessary local matching funds could be provided by a bond issue, if approved by the voters. On the basis of the data contained in the project applications and in the Commission's resolution, both the local Overall E.D.A. Planning Group which establishes priorities for the Mayor's Office and the federal Regional E.D.A. Office have concluded that the necessary matching funds have not been committed.

Depending on the findings of the federal Regional E.D.A. Office, from 50 percent up to 80 percent of approved project costs are paid by federal funds. The San Francisco Regional E.D.A. Office has determined, based on unemployment statistics, that San Francisco currently qualifies for 50 percent federal matching funds.

The receipt of federal funds by the City depends initially upon the availability of federal funds under the E.D.A. Act. Once funds are available under the Act, whether or not the City would receive funds depends upon the Regional E.D.A. Office determining that specific projects submitted qualify for federal assistance. The final variable is the amount of local funds available for matching.

As discussed earlier, the Port's prior grant applications were not considered because local matching funds were not committed.



## SAN FRANCISCO PORT COMMISSION (continued)

The use of one logical source of local funds for matching purposes has not been pursued by the Port!!!

In 1971, San Francisco voters approved a \$34 million general obligation bond issue for improving San Francisco Harbor and its facilities. Of the total \$34 million, \$20 million has been issued, and of that amount, \$9.2 million has been expended as of December 31, 1974. It is estimated that of the remaining unexpended \$10.8 million available, \$6.4 million is necessary to complete work in process. The balance, or \$4.4 million, together with the funds which would be provided if the \$14 million in unissued bonds were sold, would total \$18.4 million and, if available to match federal funds to construct the Port's presently planned pier projects, would result in the receipt of federal grant monies amounting to \$18.4 million if the federal government paid for 50 percent of the construction costs.

It is understood that, depending upon the language of the authorization of the issuance of the bonds and the language of the bonds themselves, a legal problem may exist over the use of the bond proceeds to obtain additional federal funds, even if the combined local and federal funds resulting were used for the same purpose as the bonds were originally authorized and sold. However, an examination of the voter's pamphlet and the bond resolution by the Chief Counsel of the Office of the Auditor General discloses no prohibition to such use as long as the bond proceeds are ultimately spent for the purposes for which the bonds were issued. Such purposes are harbor improvements. On that basis, the Port Committee of the Grand Jury recommends that every attempt should be made to use the bond money as local matching funds to obtain additional federal funds for harbor improvement purposes.

We further recommend that the Port Commission submit new grant applications for obtaining federal E.D.A. funds, specifying the Port's presently planned pier projects as the construction projects to be approved.

Implementation of this recommendation could result in the Port receiving \$18.4 million in federal grant funds for harbor improvement purposes.

On May 21, 1975, Mr. Soules announced his plans to fill a vacant position on the Port's staff, for a consultant to seek federal funds. He did this in spite of his personal reluctance to accept federal monies. Port professionals believe federal funding could have strings attached, with the government eventually



## SAN FRANCISCO PORT COMMISSION (continued)

determining which ports have too many facilities and ultimately concentrating it's funding on ports where piers can be built for the least amount of money. The problem is that other port directors have not been so squeamish. Oakland's \$22 million in E.D.A. grants and loans helped construct their new, highly competitive, cargo terminal. We welcome Mr. Soule's demonstration of flexibility in the face of financial necessity. We feel his decision is a wise one and we support him wholeheartedly.

## FUNDING FOR FIRE AND POLICE PROTECTION

The Port of Seattle is a separate municipal entity. It has the power to issue general obligation and revenue bonds and levy taxes on the assessed valuation of property within its county. In 1975, the Port of Seattle will receive \$9.5 million solely from property assessments. To this amount, in addition to its operating revenue estimated to be about \$44 million, must be added financial grants from several federal agencies.

The Port of Los Angeles receives revenue from oil varying in annual amounts from \$200,000 to a high in 1957 of \$1.1 million. In 1974, it received \$856,000 in oil revenues. Los Angeles supplies its Port with complete police and fire services without charge.

Extensive federal loans and grants were acquired by the Port of Oakland for use in developing maritime facilities during the last decade.

It is not at all difficult to develop good port facilities with these enormous sources of revenue. While it is not presently practical to drill for oil on Port property in San Francisco, there are several positive steps that can be taken now.

It is incumbent upon the Mayor to set into operation an immediate transfer of all funding of the San Francisco Fireboat and related Port fire fighting equipment and manpower to the San Francisco Fire Department.

We were delighted to learn while this report was being finalized, that the San Francisco Harbor Policemen were being transferred to the San Francisco International Airport and are to be reclassified as Sheriff's deputies. This action was approved on June 2, 1975. The Port Commission had voted earlier to abolish the Harbor Police after the Mayor had decreed that City Police would take over their duties. This will save the Port over a quarter million dollars annually. The Mayor can save the Port an additional three quarters of a million dollars annually by acting upon our recommendation concerning the Fire Department.

SAN FRANCISCO PORT COMMISSION (continued)

Ida May Brown

George H.P. Alferitz, Jr.

Alvin S. Baron, Chairman

ADDENDUM #1

SOME REFLECTIONS AND FINDINGS CONCERNING THE SALE OF EXPOSITION  
FISH GROTTTO #1

Prior to 1972, Mr. Sil Oliva was the owner and operator of Exposition Fish Grotto #1, located on Fisherman's Wharf, under a 66 year lease, authorized by the Port Commission of San Francisco. After the death of Mr. Oliva, the restaurant was operated by his widow.

On September 13, 1972, the Port Commercial Property Manager sent a memorandum to the members of the Port Commission requesting their consideration and approval of the transfer of this Lease to Mr. Warren Simmons, dba Tia Maria, Inc. The memo stated that Tia Maria would "construct a two level building in the theme of a Mexican Fishing Village. The main feature of the building would be the open bazaar Mexican Fishing Village style on the ground floor with artisans at work in the Village - mending nets, carving cork floats, glassblowers, blacksmiths, potters, Mexican paper flower manufacture and retail shops. On the mezzanine (covering approximately the area where the present Exposition Grotto exists) a Tia Maria restaurant would be operated."

Tia Maria stated further: "We recognize the character and charm of Fisherman's Wharf must be maintained. Our proposed project would not only match the character of Fisherman's Wharf, but, it would serve to enhance the attractiveness of the area. The structure would be built using marine pilings, weathered wood throughout and cobblestone or brick walkways along the ground level which would invite leisurely strollers through the Village".

In a letter dated September 19, 1972, from the law offices of Mr. R. David Mishel, representing Exposition Fish Grotto, Inc., Mr. Mishel advised the Port Commission that Exposition Fish Grotto #1, including, "said leasehold estate and a license to use appurtenant parking space", had been sold to Alioto's Fish Co., Ltd.

In October 1972, Exposition Fish Grotto was granted permission by the San Francisco Port Commissioners to assign their lease to Alioto Fish Company, Ltd. Several interesting interpretations of the assignment provisions of the lease were set forth by counsel for the seller in a letter to the Port Commissioners dated October 2, 1972. Under paragraph 5, the Lease requires the Tenant:



ADDENDUM (continued)

"To conduct a restaurant of a kind and class presently on the premises, and other uses reasonably related and auxiliary thereto, and such other uses as Tenant has heretofore made of or conducted on the leased premises."

Under paragraph 7, the Lease requires that:

"...Tenant (Exposition Fish Grotto) shall maintain the premises at all times to the extent and in the manner to ensure first-class restaurant operation as heretofore maintained in keeping with the operation of the premises when Tenant takes possession under this Lease."

Following this, the letter goes on--"Based on the foregoing provisions, which are part of a valid and binding agreement between Exposition and the Commission, it is clear that it is the intent of the parties to continue the present business on the premises and it was clearly contemplated that the Lease could be assigned for the proper continuation of such business. The proposed assignee (Alioto Fish Company Ltd.) has advised the Commission that it intends to continue the business of Exposition as Exposition Fish Grotto No. 1."

The letter from counsel representing the shareholders of Exposition Fish Grotto, Inc., assures the Port Commissioners that there will be a first-class restaurant operation of the kind and class now on the premises and is virtually assured of equivalent, if not greater, revenue than it is presently receiving from Exposition Grotto.

To sum up, Alioto Fish Company's request for assignment of the Lease and Parking License of Exposition Fish Grotto was granted because:

1. The intention of Alioto Fish Co., Ltd. to continue to operate this restaurant under the same name and format.
2. The implication made to employees of Exposition Fish Grotto assuring them of continuity of their jobs.
3. This Restaurant on Fisherman's Wharf would continue to retain it's renowned Character and Charm.
4. And "assurance" by counsel of a first-class restaurant of the kind and class now on the premises and "assurance" of equivalent, if not greater, revenue than was then being received from Exposition.

## ADDENDUM (continued)

Within a few months, Exposition Fish Grotto closed it's doors. In the summer of 1974, The Carnation Company, under a sublease opened an ice cream parlor and restaurant. Revenue to the Port from the Carnation Company for it's first complete year of operation is projected to be about one half that of Exposition Fish Grotto in 1970-71. In fairness, we must observe the recent opening of a new business in this same building -- a bakery. We are somewhat skeptical at this time that the combination of an ice cream cone and french bread will increase Port revenue to an amount equal to, let alone exceed, that level paid the Port in prior years.

In reviewing the above mentioned documents and statements, we were appalled to learn that the sublease signed by Frank N. Alioto for Alioto's Fish Co., Ltd. and Carnation Company, dated November 12, 1973, has, as an example, a paragraph reading as follows:

"Lessee will use the Premises only as a Carnation Ice Cream Restaurant with the right to sell at retail ice cream, sherbet, milk, chocolate drinks, ice milk and water ice novelties, cottage cheese, buttermilk, candies, cigarettes, cigars, sandwiches and related items of food and dairy products".

What happened to the good "intentions" and "assurances" to operate a first class restaurant of the "kind and class now on the premises"?

Even at this late date, the Port Committee of the Grand Jury questions the Port Commissioners and the Port Officials!! The principal responsibility of the Port Commission is to the people of San Francisco. We feel the Port Commissioners and Port Officials have been remiss in their responsibilities to the people. They have been irresponsible by not maintaining the atmosphere and spirit of the original lease granted Exposition Fish Grotto and later assigned to Alioto's Fish Co., Ltd. The citizens of San Francisco have been duped!! Why? What we observe today on the site of the Exposition Fish Grotto is a political and architectural anathema -- a Tacky Ice Parlor and an Open Faced Bread Oven!!

Substantial additional income from a competing developer (Tia Maria) was ignored, in favor of an existing leaseholder, who, it appears, had no intentions of competing with himself.

ADDENDUM #2

PORT OF SAN FRANCISCO

DATA PROCESSING OPERATION

I. PRESENT OPERATION

The Data Processing Operation at the Port of San Francisco is performed by a staff of six persons headed by Mr. Jake Woo, data processing supervisor. The staff consists of two keypunch operators, two tabulating machine operators, one programmer (currently vacant), and the data processing supervisor. Total data processing salaries are \$5,756 per month.

The data processing equipment is located at the Port offices in the Ferry Building. This equipment is as follows:

- 1) Univac 1005 computer with 4,000 word memory, 2 tape drives, 1 card reader, and 1 card punch,
- 2) IBM Model 10 card punch,
- 3) IBM Model 29 card punch,
- 4) IBM Model 83 card sorter,
- 5) IBM Model 85 collator, and
- 6) two Univac 1710-04 verifying punches.

The computer is owned by the Port but it is maintained by Univac under a maintenance contract. The remaining equipment is leased from the respective manufacturers and maintained by them. Total cost for equipment is as shown below.

Computer maintenance	\$ 678.00	per month
Equipment lease	716.75	per month
Total	\$1,394.75	

The principal applications are:

- 1) Two payrolls, one bi-weekly with approximately 200 persons; and one semi-monthly with 11 persons on the payroll,



## ADDENDUM(continued)

- 2) Accounts receivable including electric billings, parking stall rentals, demurrage, wharfage, dockage, etc.,
- 3) Labor distribution, and
- 4) Port tonnage and commodity statistics.

The computer is used about 65% of a 9 hour 5 day week.

## II. RECOMMENDATIONS

The Data Processing Operation can be described as obsolescent to obsolete. The equipment, systems and programs reflect those of the punched card era. Parts and service for the computer will be increasingly difficult to obtain. There is at present only one similar system in San Francisco. Any upgrade to a more modern system would increase the equipment costs by at least \$2,393 per month. To take advantage of the newer equipment would require a complete system redesign and new programs because of the punched card orientation of the present system.

The Grand Jury Committee for the Port recommends the following steps be taken:

- 1) The systems be redesigned and reprogrammed and run on the E.D.P. systems in City Hall. Since, as noted above, even if newer systems were to be implemented at the Port, a complete system design and rewrite of programs would be necessary, this recommendation results in no more effort than changing to a more modern system at the Port. The power of the E.D.P. systems would enable the Port to undertake tasks which would be impossible even with newer equipment at the Port. The entire Port workload should take no more than one hour per month of processor time on the E.D.P. systems.
- 2) The systems should not be moved to City Hall until the new permanent Port management is in place and has had the opportunity to study the present reports and determine their adequacy and completeness. It is only right that the Port management decide what reports are necessary for them to accomplish their task. Until such time as these determinations can be made, the Committee recommends that the Port remain on the present equipment. Items should be placed in the 1975-76 budget to move these systems to City Hall.

ADDENDUM (continued)

- 3) One, or perhaps two, terminal(s) for data entry and inquiry systems should be available to the Port staff for data entry and retrieval. One person should be assigned to data entry duties.
- 4) The Port management is urged to consider other uses of computers at the Port:
  - a) Use of time-sharing for solution of engineering problems in the Port Engineer's office.
  - b) Investigate the feasibility of obtaining commodity volumes and other data from Port clients in a machine readable form. At present one computer prints a report which is forwarded to the Port and keypunched into cards for entry into the Port system.
  - c) Develop a system to statistically check the receipts reported by lessees on gross percentage leases.
  - d) Make use of systems already available on the City's E.D.P. systems for budgeting, encumbered funds, and disbursements.

Because the Port, by the nature and equipment of its present Data Processing Operation, will be forced by one path or another to redesign and reprogram all its operations, now is the time to give thoughtful attention to the long term needs of Port management for information that will enable them to fulfill their tasks.

## DEPARTMENT OF PUBLIC WORKS

The Department of Public Works is responsible for the design or modification of all City buildings; the engineering of all construction in the areas of waste water treatment and sewers, streets and sidewalks, Fire Department and Recreation and Park work and traffic control. It also is responsible for letting contracts for construction in these areas and for supervision of the contractors, material testing and certification of completion of these contracts. Other functions include building maintenance for all public buildings as well as the San Francisco Unified School District, operation of waste water treatment plants, maintenance of sewers, building permits and inspection, street repair, and street cleaning and planting.

The Department, under the direction of Mr. S. Myron Tatarian, is organized into nine bureaus under two assistant directors, the City Engineer and the City Architect.

From July 1, 1974 thru June 6, 1975 the following contracts were awarded:

Number of formal contracts awarded	182
Bid price of formal contracts	\$44,886,674
Number of informal contracts awarded (under \$5,000)	69
Bid price of informal contracts	\$ 1,625,059

Employees totaled 1875. Total cost of salaries and fringe benefits from July 1, 1974 thru April 30, 1975 was \$24,845,363.

The Department, like many others is not sufficiently funded to do its job of maintenance of buildings and streets. As a result, more and more maintenance of streets and buildings is being deferred, and this situation will continue to worsen year by year if sufficient funding is not available. Eventually the buildings and streets will become unusable due to the large amount of deferred maintenance.

Next will come the inevitable request for bond issues to replace the streets and buildings. The net result of the chronic underfunding of maintenance is that capital funds, with attendant finance charges, are required to replace what should normally be a standard maintenance expense.

The Department faces a loss of money caused by the en-



## DEPARTMENT OF PUBLIC WORKS (continued)

ergy shortage because the County's share of gas tax revenue is declining due to the decrease in driving. Several years ago these funds were diverted to street cleaning and planting by the Board of Supervisors. As a result of the decrease in funds and the burden of street cleaning and planting, there will only be enough gas tax funds to meet the City's share of grants. No money will be available from these funds for capital improvements.

The City and County of San Francisco is now under a Cease and Desist Order from the Regional Water Quality Control Board to stop discharges at the North Point and Southeast Water Treatment Plants. The cost of facilities to comply with present waste water discharge laws will be enormous. Between now and 1983 these new facilities will require an investment in excess of \$900,000,000 in 1975 dollars. While large sums of federal and state funds will be available, it is likely to cost the citizens of San Francisco in excess of \$100,000,000 for the City's share. Such an enormous program should be monitored very carefully in the years to come.

During the past fiscal year, the Street Sweeping Bureau received new mechanical sweepers. A program to ban parking for two hours per week to permit mechanical sweeping was instituted in the Richmond District. This program has resulted in much cleaner streets at a considerably lower cost. The Committee recommends the appropriation of sufficient funds to implement a similar program in the South of Market area, and to implement a program of night sweeping in the downtown and financial areas. Only by eliminating the blockman with his broom and by banning parking can effective and economic street cleaning be accomplished.

Within the Bureau of Building Inspection there is a long overdue need for a Mechanical Inspection Department for inspection of ducts and ventilation equipment. Previous Grand Juries have endorsed this need and pointed to the fact that San Francisco is the only large city without such a department. The cost of such a department would be paid through inspection fees, and thus, not be a burden on the taxpayer. The Board of Supervisors should find such a department immediately.

Major activities this year include completion of the Geary-Masonic underpass, the Judah Street "Transit First" improvement, and the pedestrian overpass at Ocean and Phelan.

Several questions have been raised concerning the effectiveness of the City Architect's office in the construction of the new San Francisco General Hospital. The Grand Jury recommends that the 1975-76 Investigatory Grand Jury continue this investigation.

## DEPARTMENT OF PUBLIC WORKS (continued)

As noted by previous Grand Juries, the Department is forced by lack of space to be currently located in four different locations in the Civic Center area. Considerable efficiencies could be expected if the activities of the Department could be centralized at one location.

### REAL ESTATE DEPARTMENT

Under the Charter, the Real Estate Department is responsible for the appraisal of all types of property; acquisition, sale and exchange of real property and lease and rental, both as lessor and lessee, of real property for all City departments and the San Francisco Unified School District. The department is also responsible for the management of City-owned properties, including Civic Auditorium, Brooks Hall, public parking garages, neighborhood off street parking facilities, the Marshal Square Auto Parking, St. Mary's Square Garage, and the Civic Center Auto Park. The department maintains all records pertaining to City and Unified School District property and prepares the annual valuation report.

The Real Estate Department's functions are supported primarily on an interdepartmental work order basis. Many departments do not have allocated funds from which to pay for services required from the Real Estate Department.

In many cases grants for federally or stated financed programs do not include funds for the Real Estate Department services of negotiating space leases. As a result, the grantees go into the real estate market on their own to obtain space. Because of the grantees' lack of knowledge of the local leasing market, much space has been rented at prices higher than the going market rate. This factor has driven up rental rates particularly within an area of a six block radius of City Hall.

It is, therefore, recommended that the Board of Supervisors require that a small amount be included in all grant applications which will need rental space, to provide for the services of the Real Estate Department in negotiating space leases.

Funds should be budgeted for the Real Estate Department to survey the number, cost, location and duration of leases for space for various City and County departments. While some space leases will be necessary for those activities which must be in the neighborhoods (i.e., libraries, health centers), many

REAL ESTATE DEPARTMENT (continued)

activities with space leases could be centralized in a new City office building. As a result of the study, an intelligent decision could be made as to the feasibility and financing of such a proposed City office building.

Thomas R. Ho

Melvin S. Springer

John G. Kamena, Chariman



## TREASURER

The Treasurer, Thomas Scanlon, is an elected officer of the City and County of San Francisco. He is charged by Charter and State Government Code provisions to receive, disburse, and keep safe all the funds that fall within that charge.

This charge encompasses the following:

1. Recognition and payment of warrants issued by the Controller of the City and County of San Francisco, and other expenditures legally authorized.
2. Maintenance of required records as related to those transactions.
3. Maintain and safeguard all monies and securities whose custody has been passed to the Office of the Treasurer.
4. Administration of the sale of City and County Bonds.
5. Administration of State Inheritance Tax Laws.

Sound business practices dictate that all monies under this jurisdiction be reviewed on a continuing basis so as to ensure that the maximum return possible be achieved on funds not currently required. The charge assigned to this office has been accepted and met. The office of the Treasurer, despite budgetary restrictions, has estimated earnings for the City and County of San Francisco at \$26,700,000 during fiscal year 1974-75, a return many times its cost of operation.

The Treasurer has recognized in his fiscal year 1975-76 projections that a return of this magnitude is not sustainable. Fiscal year 1974-75 was a period of rapid upward interest changes in an uncertain money market to which some degree of stability and predictability has returned.

A rate of return on investments in the area of 8% to 9% is regarded as sound financial management. The actual earning rate for this office of 8.86% coupled with a 99.8% employment of funds available for investment speaks highly of the accomplishment of the duties assigned to this office.

TREASURER (continued)

The Treasurer was successful in having legislation introduced and passed which changed the total commission structure for State inheritance taxes. This change will increase the commissions paid to San Francisco and is projected to return an additional \$20,000 for fiscal year 1975-76.

Recommendations:

1. The prior Grand Jury requested the assignment of two vehicles to the Treasurer's Office. The rationale behind this request is the large amounts of money due from the State, issued as subvention warrants, and the unpredictableness of the receipt date. In order to deposit these funds and make them "good funds" available for investment, frequent trips to Sacramento are required to pick up these warrants for immediate deposit.

Figures mentioned by the Treasurer of potential additional earnings, with a car, of \$100,000.00 to \$150,000.00 annually have now been restated by the Treasurer, due to lower interest rates available, to be \$75,000.00 to \$100,000.00 per annum, thus making the availability of a vehicle to service this need, a matter of immediate action. To allow a return of the size mentioned to remain unrealized, is indicative of short-sighted fiscal policy.

We recommend that such authority as is required, be immediately given.

2. Certain matters were brought to our attention relating to deficiencies in internal security in this office, which deficiencies are not the responsibility of this office.

To prevent this type of situation from reoccurring, we recommend the following:

- a. When structural changes are contemplated
  1. All departments effected be informed.
  2. Joint meetings be held by department heads or their delegates to assure that all understand the planned changes and their potential impact on each.

TREASURER (continued)

3. No action be taken without substantial agreement on the planned course of action.
- b. The City and County, under the direction of the Treasurer investigate all methods available for making deposits and transferring funds to:
  1. Insure timely deposits.
  2. Require timely report of receipts held by various departments.
  3. Eliminate duplication of outside services.
  4. Protect its employees.

The Treasurer and his Chief Assistant Treasurer, Gin L. So, have been most cooperative and have rendered every assistance requested. We wish to commend them and their staff for the effort and competence they have displayed in discharging the duties assigned to them by the citizens of the City and County of San Francisco.

Mrs. Jo L. Brown

Keith Doerge

Al Baron, Chairman



## PURCHASING DEPARTMENT

The Purchasing Department is responsible for the purchase of materials and supplies, equipment and contractual services for all departments of the City and County, including the City-owned utilities, the San Francisco Port Commission, the San Francisco Unified School District, and the San Francisco Community College District. It also repairs and maintains automotive and other equipment for the various departments except for Public Utilities, and for the School District as requested. The Purchasing Department also operates a Central Reproduction Bureau for any department requiring this service; transfers to other departments or sells any equipment or supplies no longer useful to any department; maintains a perpetual inventory of equipment in the various departments; and operates the Central Stores of the Purchasing Department. Under the able direction of Mr. Joseph Gavin, Purchaser of Supplies, the department is organized into five bureaus: Bureau of Buying, Bureau of Equipment, Bureau of Personnel and Accounts, Bureau of Reproduction and Bureau of Shops.

The Bureau of Buying, under the Assistant Director of Purchasing, is responsible for the procurement of supplies, equipment, services and insurance for all City Departments, the San Francisco Unified School District and the Community College District. As requisitions are received from the City agencies, they are converted either directly to purchase orders in the case of term contract items, or to formal or informal bids by the appropriate buyer.

The prices paid by the City and County of San Francisco are continually being compared with those paid by other surrounding counties and cities and various private industries. These comparisons are accomplished thru membership in professional purchasing organizations, and in various societies of governmental purchasing organizations. Through these price comparisons, the City is assured that it is paying the lowest price for items of comparable quality. In some instances the emphasis on lowest price is not in the best interest of the City. An example is Municipal Railway buses which are out of service for lack of parts. The immediate need is for parts in order to get the vehicle back in revenue service, while the lowest bidder may have a long lead time. These types of problems are decreasing due to the assignment of a Senior Purchaser through work order to the Municipal Railway.

## PURCHASING DEPARTMENT (continued)

During the 1973-74 fiscal year, 35,681 Purchase Orders were handled for a total of \$33,134,213; encumbrance requests handled totaled \$53,824,213; and contract certifications totaled \$2,518,652.

The Bureau of Personnel and Accounts handles the Monthly Repetitive Orders, prepares the actual purchase orders maintains a Tabulation of Bids, maintains the Requisition Register, maintains the Vendor Index, codes the purchase orders, and maintains a Bid Index by commodity, and handles sales of Charters, Codes and other documents. The Bureau is also responsible for the department budget, encumbrance requests for contractual services for general office and reproduction, quarterly sales tax returns, monthly fuel use tax returns, processing of inter-departmental work orders, departmental revolving fund purchases and regular accounting duties.

The Bureau of Stores and Equipment operates and maintains a central warehouse, eleven storerooms, and four substores in various City departments, receives and issues material, equipment, and supplies for all departments of the City and County of San Francisco. The Bureau maintains a perpetual inventory of materials purchased, arranges for the exchange of equipment between departments, arranges for the sales, and sells surplus and obsolete personal property belonging to the City and County. The Bureau also maintains control of the entire automotive fleet, including licensing, insurance and accident reporting.

The cramped quarters for the storerooms at the Municipal Railway at 24th and Utah Streets and at the San Francisco General Hospital will be eliminated with the move of the main Municipal Railway shops to the new bus repair facility at 22nd and Indiana Streets and the opening of the new San Francisco General Hospital. Both of these facilities have been designed with larger, better designed storerooms.

This committee visited the Central Warehouse at 15th and Harrison Streets and found that the previous Grand Jury recommendations are ignored, even though some cost little or no money, such as painting markings on the floor to delineate aisles. The storage space in this warehouse is not effectively utilized. The present equipment for handling pallets is obsolete because it can only lift a pallet 2 to 3 inches off the floor. As a result 2/3 of the warehouse space is unused. Pallet racks should be installed and a fork lift purchased to utilize this wasted space. If these recommendations are followed the additional warehouse space which would become usable could be used to store bulk purchases of large volume items such as paper towels, other paper products, light bulbs, fluorescent tubes, stationery, etc. The fork lift could probably be



## PURCHASING DEPARTMENT (continued)

obtained from the U. S. Surplus Disposal for a very nominal fee.

The Bureau of Reproduction provides centralized service to all departments for photography, offset printing, mimeographing, blue-printing, microfilming and self service copiers. Funds to operate the Bureau are provided by work orders from the departments using the service. The range of work is wide in scope, requiring collating, stapling, binding, etc. Many jobs done by this department have short time deadlines such as agendas and minutes of various agencies.

The bureau operates in cramped and entirely unsatisfactory quarters in the basement of City Hall. The equipment is worn and obsolete. New equipment should be purchased and better quarters provided. The personnel of this bureau do a remarkable job considering the equipment and working conditions.

The Bureau of Shops and allied facilities provide necessary mechanical maintenance and repair service for all City departments and bureaus, except Public Utilities. In addition, the Bureau's responsibilities include inspection, appraisal and recommendation on all City owned vehicles contemplated for replacement; and receipt and approval of all vehicles purchased by the City. The Bureau also consults with various departments and bureaus on the budget amounts required to sustain certain levels of automotive equipment and performance.

Under the direction of the General Superintendent of Shops, Mr. A. M. Flaherty, the Bureau operates the Central Shops for heavy repair and six subsidiary shops or Service Stations which provide minor mechanical service and dispense gasoline, and motor oil. During the 1973-74 fiscal year the General Shops handled 9,251 job orders, expended \$2,139,440, dispensed 1,216,017 gallons of gasoline, and completed 21,042 minor repairs, preventive maintenance and inspection, tire repairs and changes, battery changes and tow jobs.

The organization consists of 104 employees, most of whom (85) are funded through work orders from various departments.

The Bureau's machine shop makes new and replacement parts for all types of equipment and machinery. The shop, in addition, maintains the equipment in the waste water treatment plants and pumping stations. The machine shop also maintains and repairs the heating and ventilating systems, classroom machine tools, and industrial arts equipment for the San Francisco Unified School District.



## PURCHASING DEPARTMENT (continued)

The major portion of the work performed by the Central Shops, however, is the maintenance and repair of automotive or motorized equipemnt. The increasing age of the fleet together with the increase in the number of vehicles in service makes the job of the Central Shops more difficult. In 1959, 94 employees maintained 1,573 units; while in 1974, 104 employees maintained 2,674 units. This represents an increase in employment of 10% with an increase of 70% in units maintained.

Previous Grand Juries have recommended a more realistic schedule of replacement for the automotive fleet. To date, the budgetary authorities have ignored the recommendations of the previous Grand Juries, numerous industry studies on fleet replacement, and the practices of large private fleet operators, with regard to the economic life of vehicles. The problem becomes more acute as the wages paid to auto mechanics increase faster than the cost of new equipemnt. In 1960 a four door sedan (class 6) cost \$1975.00, in 1975 the same vehicle would cost \$3972.00, an increase of 201%, while craft wages increased from \$123.40 per week in 1960 to \$357.00 per week in 1974, an increase of 290%.

The present system of having the using department budget for replacement equipment, fuel, and repairs is archaic. The using department in effect owns the vehicle. If it is involved in an accident, a work order is given to the Central Shop for repairs. There is no provision in most departments to collect from the responsible party resulting in a large loss to the City. If the using department doesn't want preventive maintenance, no one can force them to do so. There are no statistics to determine accident prone drivers, and a small safety program. All these items are done as a matter of course in private automotive fleets.

The Committee recommends that the necessary ordinances be enacted to enable the Central Shops to become the sole provider of vehicles to all City departments, except the revenue vehicles of the Muni. The Central Shops would purchase all vehicles and lease them to the using departments at an hourly, weekly, monthly or yearly rate, plus a mileage charge. These charges would be sufficient to provide for all supplies, maintenances, and depreciation. This would, in time, enable the automotive fleet to be brought up to normal fleet standards.

Another hidden cost of an overage fleet is the cost, to the using department, of having the vehicle not available. If a replacement vehicle is not available, the employee who would normally use the vehicle is given some make work job to use his time, rather than having the equipment and employee doing their assigned job. This cost is higher, obviously, in the case of

## PURCHASING DEPARTMENT (continued)

heavy equipment where lack of a vehicle stops an entire work unit (such as a street paving gang) from performing their duty.

As the number of vehicles in the City fleet increases, the yards at the Central Shops become more clogged with vehicles awaiting work or disposal. To relieve this situation, the graveled area adjacent to the City shops on the corner of Quint Street and Jerold Avenue which is City owned, should be fenced with chain link fence in order that vehicles awaiting disposal could be stored there.

### RECOMMENDATIONS:

1. Obtain a surplus lift fork for the Central Warehouse, provide pallet racks to facilitate vertical storage and paint lines for aisles etc., on the floor.
2. Utilize the space made available in above (1) to purchase in bulk the high-use items used by the City.
3. Fence the area adjacent to the Quint Street shops for parking for vehicles held for disposal and cannibalization.
4. Discard the present system of budgeting for the vehicle fleet (except Muni revenue vehicles) and institute, within the Central Shops, an operation which would be a leasing agency to all other City departments. This operation would set competitive standard rates for leases and mileage for each type of vehicle sufficient to cover all costs and depreciation. The operation would also provide a like vehicle when the regular one is in for maintenance or repair. The departments would then budget for each type of vehicle required and also for the mileage charges. This system while resulting in higher initial costs because of current deferred maintenance, would give the departments assured vehicle availability, centralize the notification for preventative maintenance, centralize accident reporting and damage claims, permit accident statistics to be developed, and enable the City to minimize overall costs of its vehicle fleet.

Thomas R. Ho

Melvin S. Springer

John G. Kamena, Chairman

## SUPERIOR COURT

### CIVIL DEPARTMENT

During 1974 and the first half of 1975, this Court continued to register strong gains in reducing the inventory of civil cases, which has been the trend for the past several years. Commencing 1974 with a total civil active list of 6,105 cases, the year ended with a total inventory of civil cases awaiting trial of 5,600.

This reduction has been accomplished in the face of a 5% increase in Superior Court filings by an application of a firm policy of forcing cases to trial, discouraging motions to continue, and expediting in any way possible counsels' desire for settlements short of trial.

1. Eight Member Jury. The highly successful policy of encouraging the use of eight member juries, instituted three years ago, has been continued with a notable savings in court time in the selection and trial process. There is a concomitant savings in money to the litigants.
2. Arbitration. The Special Attorney's Arbitration Plan which was instituted in 1971 has been a valuable adjunct to the trying of cases in court. In 1974, 33 arbitration proceedings were instituted, 25 cases were settled through arbitration, and 6 cases were settled by counsel before the actual arbitration hearing. This procedure should be pursued to its full capacity. Most insurance companies are willing to stipulate to a maximum of \$15,000.00 vice the \$7,500.00 originally.
3. Certificate of Readiness Program. The Certificate of Readiness Program which was designed by the judges of this Court in cooperation with members of the bar was implemented in December, 1972. The Court now invites parties to actions that can be brought to trial within six months to file Certificates of Readiness, memoranda having previously been filed stating that the action is at issue. Failure to respond with a Certificate of Readiness to two invitations sent out in two succeeding months can result in removal of the case from the Civil Active List and loss of position on that list. For a case to be restored to the Civil Active List a new At-Issue Memorandum must be filed and a delay is suffered



## SUPERIOR COURT (Continued)

in securing a trial date. Cases in which Certificates of Readiness are filed are placed on the Pretrial Calender and assigned trial dates.

The program provides the court with better control of its calendars and permits attorneys and litigants to bring their cases to trial faster and with more certainty as to trial dates. Approximately 3,500 Certificates of Readiness were filed and processed in 1974. The program has been credited as a major factor in the Court's ability to reduce waiting time between the filing of the at issue memo and the trial date from 30 months to 22 months during 1974.

4. Settlement Conferences. Working in collaboration with the San Francisco Bar Association, during 1973 the Presiding Judge and members of his staff designed a settlement conference procedure in conformance with the Judicial Council's Standards of Judicial Administration. This procedure went into effect on January 7, 1974, and provided all litigants an opportunity to attend a settlement conference 7 to 10 days prior to the week of trial. All cases in which the estimated length of trial was 5 days or more were required to attend a mandatory settlement conference. All other cases received a voluntary settlement conference if either side requested it at the trial setting conference. In January, 1975, this policy was amended to require all cases to be given a mandatory settlement date some 10 days to two weeks prior to the trial date. This has resulted in an average of 70 mandatory settlements being set each week at either 9:00a.m. or earlier in the morning or at 4:00p.m. or later in the afternoon. The settlement conference was established and designed to provide a forum where it can be determined finally and definitely: (1) whether the case can be settled, or (2) whether it must be tried. Its purpose is not to start negotiations but to complete negotiations. If negotiations fail and no settlement results, counsel must be prepared to proceed to trial in the week in which the case is scheduled. Appearance at the conference by the trial attorney and principals is mandatory and strictly enforced. With but a few exceptions, every case was assigned out for trial during the week in which it was set. Those that did not get assigned were continued to a date on which they were assured of being sent to trial. No cases were on standby more than 2 or 3 days during this period.

5. Dismissal Calendar. In 1974, the Presiding Judge insti-

## SUPERIOR COURT (Continued)

tuted a dismissal calendar. In all cases in which an invitation to file a certificate of readiness had been sent to counsel twice and no response had been made thereto, an order to show cause issued to the plaintiff directing him to show cause at a time and place fixed in the order why the action should not be dismissed for lack of prosecution, more than two years have elapsed.

The procedure has been successful in that some counsel have come to court and revealed that a case, although it should be active, was still inactive in the office because of misfiling or some other reason, and the office was not alerted until receiving the order to show cause. In other cases the matters had been dismissed or settled but not made of record. In others no appearance having been made the case was undoubtedly not worthy of prosecution, hence it was dismissed. Prior to this dismissal procedure, when the invitations to the certificate of readiness had not been answered, the cases automatically went off calendar and became a part of the backlog again in a merry-go-round procedure. The present system has resulted in reducing the backlog significantly and at the same time prodding counsel to move forward with the preparation of the case and get it to trial.

6. Transfers from Jury to Court. In the past, when jury fees were not deposited pursuant to law, the case automatically went off calendar thereby losing it on the active civil list as well as adding to the backlog. A new procedure was developed whereby the failure to deposit fees resulted in the case being forthwith transferred from the jury calendar to the non-jury calendar, and forced to go to trial on the date set in the jury procedure. This resulted in a speedup of the trial of cases and, from the statistics at hand, at least 50% of the cases so transferred settle without going to trial.

## CRIMINAL DEPARTMENT

In January, 1971, the inventory of felony cases awaiting trial reached an all-time high of 788 and the incoming Presiding Judge, with agreement of the Court, designated four departments in the City Hall as permanent criminal departments. Since that time, this Court has been able, through the diligent efforts of its judges and the cooperation of other judicially oriented departments, to lessen that inventory on each succeeding year, and the number of departments at City Hall has been reduced to three.



## SUPERIOR COURT (Continued)

As of June 1, 1975, the inventory stands at 143. The number of cases awaiting trial is approximately the same number of felony cases filed in any one month. For all practical purposes, there is no delay in bringing criminal cases to trial in the San Francisco Superior Court within the statutory requirements.

The basic factors in the court's ability to reduce backlog to zero has been the following:

1. The Court's willingness to devote as many departments to criminal matters as is necessary to handle the current case load.
2. The willingness and ability of the judges in the Municipal Court conducting preliminary hearings to realistically evaluate the ultimate disposition of a felony filing, and, in many cases to properly dispose of it as a misdemeanor at the Municipal Court level.
3. The instituted and firmly adhered to policies of the Criminal Master Calendar Judge, which include:
  - a. The combining of the multiple activities of arraignment, plea, trial-setting and preliminary motions to one, or, at the most, two hearings rather than separate proceedings.
  - b. Plea bargaining whenever possible by means of pre-trial hearings.
  - c. Strict adherence to the No Continuance rules.

These efforts have resulted in the steady diminution in the number of felony cases awaiting trial from 563 in January 1972 to 210 in January 1973 to 139 in December of 1973.

## COMMON JURY PANEL

Since February 1, 1974, jury panels for both the Municipal and Superior Courts have been summoned by the Superior Court. Duplicate procedures have been eliminated and the Municipal Court Jury Commissioner's office has been eliminated. The program has been running quite smoothly and is saving money for the taxpayers. Potential jurors are being called less frequently, and are then later assigned to serve in either Municipal or Superior Courts.

One of the most difficult problems presented in assembling jurors for jury duty is the lack of a jury assembly room in which the jurors may first be assembled and then later dispatched to the various trial departments for service.



## SUPERIOR COURT (Continued)

A jury assembly room would add not only to the efficiency and economy of the use of large numbers of jurors but would also make the waiting time of jurors less vexatious than the present system which requires them to stand in hallways when they are being excluded from certain proceedings in the trial court. Jury assembly rooms at the City Hall and at the Hall of Justice are necessary and a committee is conducting a funding and space study.

## COURT MANAGEMENT SYSTEM

The Court Management System (CMS) is a federally funded computerized project. The program is being implemented and is intended to improve coordination between participating justice agencies, as well as replace, expand on, and improve the present capabilities of IBM's Basic Court System, now being utilized by the San Francisco Superior Court. More important CMS will serve as the foundation of a shared San Francisco Justice Information System.

The Court Management System is much more than just a court system. While CMS is court-centered, in that most of the events that will be recorded in the system will take place in the courts and will be entered into the system by court clerks; seven other San Francisco criminal justice agencies will also be tied into the system. These other agencies include: Police, District Attorney, Public Defender, Adult Probation, Sheriff, County Clerk and the Fire Department's Arson Investigation Unit. These agencies' involvement in the system will be more than incidental; it will be the key to realizing the system's full benefit.

Management decisions will not be made by the computer in CMS. Rather, it will be recording court information in a form that can later be retrieved by concerned parties. It will be keeping track of scheduled events and what event was scheduled but for some reason did not occur. The purpose of CMS is not to control, but to provide the courts and other justice agencies with the information that they need to make and carry out their own decisions.

CMS is by design an event-oriented case following system. It creates a single, comprehensive record on a defendant that stays with him from the time of booking by the police until final disposition of his case. By so doing, the system seeks to minimize redundant recording of case related data by each agency that becomes involved in the case. The record "follows" the defendant through the system in that it becomes the source record for each following event. At each event, information is added to the record indicating what type of event occurred, what transpired, who participated, and what, when and where the next event is to be

## SUPERIOR COURT (Continued)

scheduled. Incorrect or incomplete **entries** may be corrected by authorized personnel at any time.

Information is retrieved from the system in response to specific inquiries such as "what is the status of case X" or "When is the pretrial conference scheduled for case Y". It is also retrieved as part of the normal administrative process. Examples of the latter include the production of daily calendars for each court, caseload listings for the District Attorney and the Public Defender, lists of prisoners who must be brought to court with time and place indicated, a list of presentence reports requested from Adult Probation by the courts with their request date, and automatic updating of Police arrest history files with court disposition of each charge.

Eventually CMS will provide much of the data needed for several agencies' Annual Reports, as well as periodic management reports, such as state-mandated Judicial Council Reports. In addition, CMS will be continuously generating a data base which will reflect actual performance of the justice system and which could be used as a valuable resource by justice system researchers.

## RECOMMENDATIONS

There is no doubt that plea bargaining and probation have caused a reduction in the backlog of felony cases. Plea bargaining is a means by which the accused pleads guilty to a lesser charge, and a trial is averted.

Probation is ordered usually in place of a sentence, with the implied condition that upon commitment of a subsequent law infraction, the suspended sentence will be imposed. However, a circular recidivism is effected by the Courts' consecutive grants of probation rather than imposing the original suspended sentence. This committee would like to see the Courts of San Francisco take a more realistic approach in the sentencing of perpetrators of crimes against persons and property. One such judicial action involves Judge Francis McCarty. He recently gave maximum sentences to two robbers, who used a gun to hold up three local stores.

Leniency in our Courts does nothing to discourage crimes. The Courts are in part responsible for Society's protection from criminals through incarceration.

Our State legislators should make it mandatory for judges to impose maximum sentences to anyone convicted of using a firearm in the commission of a crime.



## SUPERIOR COURT (Continued)

More courtrooms at the Hall of Justice are needed as a solution to more efficiently handle the trial of felony cases.

The lack of adequate space for courtrooms and juror assembly rooms has continually plagued both Superior and Municipal Courts for many years. Many proposals for correcting the problem have been made. In the past several years two separate bond issues for funding the construction of new Court facilities at the Hall of Justice have been defeated by the voters of San Francisco.

One suggested method of financing, which is under study, is to form a private non-profit corporation and sell tax exempt bonds. The money to pay the interest and principal on the bonds would be derived from funds appropriated by the Board of Supervisors to be paid in the form of rent. After hearing the many proposals that have been made regarding the possible sites of additional courts, this committee endorses and recommends that the following proposal be adopted. A second and third floor should be constructed in the area above the Coroner's Office at the Hall of Justice. This expansion could accommodate six additional courts and their supporting units plus a jury assembly room. Three of these courts could be utilized by the Municipal Court and three by the Superior Court. Construction cost estimates are in the neighborhood of approximately \$6,000,000.00. The addition of the six courtrooms and a jury assembly room is at best an interim measure. In the light of the present financial climate and of increasing voter opposition to approving large capital expenditures, the foregoing recommendation seems to be the logical solution to lack of courtrooms and jury assembly rooms problem.

The Grand Jury feels that there has been a general lack in the spirit of cooperation and assistance from the Superior Court Administrative Staff. Our functions could have been executed more efficiently and effectively, if we had been properly advised and or assisted in the following areas:

1. During Mike Tamony's long period of illness, we requested a replacement to act as our consultant. We received no help. If it had not been for the fine cooperation of Mrs. Carolyn Moran, the office work for the Grand Jury would have come to a stand still.

2. We requested additional clerical assistance. We received none.

3. The Superior Court should have an arrangement with the City Attorney's Office and the District Attorney's Office, so that investigatory assistance could be made available to the Grand Jury.



## MUNICIPAL COURT

The Municipal Court is comprised of 19 Municipal Court Judges, and a Court Commissioner.

Eight departments including that of the Presiding Judge, are located in the City Hall. Small claims, civil trials and jury cases, both civil and criminal, as well as Superior Court cases, are heard in these courts.

Eleven Municipal Court judges and one Court Commissioner are assigned to the Hall of Justice at 850 Bryant Street. Located in these quarters are three traffic departments, two misdemeanor arraignment courts, one felony arraignment court, three jury departments and three felony courts. In addition, two civil departments at City Hall are assigned to criminal jury trials twice weekly.

### Traffic Division (Hall of Justice)

Implementation of a traffic computerization program has replaced the manual card system. This system allows the immediate deposit of funds, location of citations, automatic mailing of notices and warrants, and an immediate accounting of records on a daily, monthly, or annual basis. Terminals have been installed which provide direct contact with the Department of Motor Vehicles. This allows the Court to obtain immediate information and will eliminate any problems on warrant recalls. A terminal has also been installed directly to the police information network for warrant recalls.

The Traffic Fines Bureau processed a record number of citations during 1974. An average of 108,000 parking citations and 12,000 moving citations were received each month.

### Civil Division (City Hall)

The jurisdiction for civil cases in the Municipal Court is \$5,000. Approximately 50-60 cases are filed daily.

The civil calendar is in excellent condition with non-jury cases being set within 30 days, and jury trials within 40 days.

Mandatory jury-settlement hearings dispose of 40-50 of the calendared cases, with another one-quarter of those

## MUNICIPAL COURT (continued)

remaining on the jury calendar stipulating to proceed without juries. Approximately 80% of the remaining cases proceed with 6 or 8 member juries, so-called mini juries.

### Accounting Division (Hall of Justice)

Directed by a permanent experienced accountant, this department is directly responsible for all the Court's funding, budget, expenditures, accounting systems, deferred probation payments, monthly reports and has custody of all court funds through deposit with the Treasurer.

### Combined Superior-Municipal Court Jury Panels

The combined Superior-Municipal Court jury panel was adopted in early 1974 and has had its problems due to the diversity of the two previous systems. Studies are being conducted and different methods of juror summoning are being studied. The major problem is the lack of juror assembly rooms to summon, hold and disperse jurors under direct guidance of court attaches directly in the assembly rooms.

The court is in the process of seeking two assembly rooms which should immediately correct problems such as:

1. too many jurors called;
2. too few jurors called;
3. no quarters to hold jurors ready for immediate dispersal;
4. remove jurors from corridors and courtrooms while awaiting jury service;
5. make better use of jurors present;
6. comfortable area for holding jurors.

### Small Claims (City Hall)

Small Claims court has received much media exposure, radio, newspapers and TV, and since 1972 when the jurisdiction was increased from \$300 to \$500, monthly filings have increased approximately 100% from 759 to 1595 monthly in 1973, and remained steady at 1250 in 1974.

### Criminal Division (Hall of Justice)

With its 12 departments located at 850 Bryant Street, all misdemeanor, felony and traffic matters are directed through these departments for hearings and disposition.

## MUNICIPAL COURT (continued)

Felony arraignments are called, discussed and if not disposed of at this arraignment level, are assigned to one of three felony departments where the matter is heard and, if not sufficient evidence for the charge, reduced to a lesser charge. If evidence is sufficient, the defendant is held to answer to the Superior Court.

The three court calendars, misdemeanors, felonies and jury cases, are all at a level where they are tried within the statutory period of 30 days if defendant is in custody; 45 days if out on bail, and felonies are heard within 10 days.

## Night Traffic Court (Hall of Justice)

The Municipal Court is continuing its program of Thursday Night Traffic Court presided over by its Court Commissioner and a Traffic Judge. Each court's calendar consists of 55 moving violations and 45 parking protests.

## Criminal Court Arraignment Departments

This plan as put into effect in 1973 provides for one felony arraignment court and two misdemeanor courts. Basically, all new criminal cases are assigned to these departments where evaluation, discussion and eventual assignment of cases for trial are dispersed.

Prior to these arraignment departments there were as many as 890 jury cases pending; this has been reduced to as low as 208 in June, 1974, and is now at a steady 400. Misdemeanor filings approximate 2100 monthly with a constant 700 pending from one month to the next.

Felonies average 600 with a pending 400 over monthly.

All criminal matters are at a level where they are tried within the statutory period of 30 days if in custody; 45 days if on bail. Felonies are heard within 10 days.

## Driving While Intoxicated Program

This program assigns first-time convicted drunk drivers to an anti-drunk driving school. The objective is to reduce through education the number of "repeat" drunk drivers. The course is designed to make the individual aware of the dangerous consequences of his conduct and to assist the student in formulating a plan to avoid another D.W.I. arrest.



## MUNICIPAL COURT (continued)

The course has been very well received by the participants. The success of the school caused the addition of a second class each week in January 1974. The school is operated in cooperation with the National Council on Alcoholism and is beneficial to the individual and to the community.

### Courts Diversion Program

The Court is continuing its participation in an Inebriate Diversion System working with the Police Department and private agencies. The program provides for detoxification, drying out, screening, referral, after care residential programs and related supporting sources. Defendants are placed under supervision of a community's rehabilitation resources instead of going to trial and possibly, jail. If the defendant fails to comply, full prosecution will resume. If he meets all regulations he is eventually dropped from supervision and can resume life free of the stigma of criminal conviction.

### Project 20 Traffic Program

This program affords individuals financially unable to post bail or to pay fines on traffic citations, the opportunity to work off the amounts due. Their personal services and skills are applied to projects in any of 32 various community service agencies in the City.

To date 354 referrals have been made to agencies through Project 20. Experience shows that very few of these individuals fail to perform as assigned. The project has been funded by the San Francisco Foundation in recognition of the community benefits of the program.

### Recommendations

The lack of adequate space for courtrooms and juror assembly rooms has continually plagued both Superior and Municipal Courts for many years. Many proposals for correcting the problem have been made. In the past several years two separate bond issues for funding the construction of new court facilities at the Hall of Justice have been defeated by the voters of San Francisco.

One method of financing, would be to form a private nonprofit corporation and sell tax exempt bonds. The money to pay the interest and principal on the bonds would be derived from funds appropriated by the Board of Supervisors to be paid in the form of rent. After hearing the many proposals that have been made regarding the possible sites of additional courts, this committee endorses and recommends that the following proposal be

## MUNICIPAL COURT (continued)

adopted: A second and third floor should be constructed in the area above the Coroner's office at the Hall of Justice. This expansion could accommodate six additional courts and their supporting units plus a jury assembly room. Three of these courts could be utilized by the Municipal Court and three by the Superior Court. Construction cost estimates are in the neighborhood of approximately \$6,000,000.00. The addition of the six courtrooms and a jury assembly room is at best an interim measure. In the light of the present financial climate and of increasing voter opposition to approving large capital expenditures, the foregoing recommendation seems to be the logical solution to the problem of, lack of courtrooms and jury assembly rooms.

A jury assembly room could be built by using the room presently being used by the press and other news media, located on the 3rd floor of the Hall of Justice. The press room could be re-located to smaller quarters, somewhere in the building.

Faxon H. Bishop

Mrs. Deborah C. Goldstein

Thomas R. Ho, Chairman

## JUVENILE COURT - YOUTH GUIDANCE CENTER

### JUVENILE HALL

The consolidation of the admissions office within the secured area of Juvenile Hall has been completed. This has reduced security problems, eliminated the necessity for the use of handcuffs in transporting detainees, and increased staff mobility within the Hall. In conjunction with the opening of the admissions office, the new Reception Unit was activated. This unit is immediately adjacent to the admissions office. It has a capacity to house 9 girls and 12 boys. Admissions for the unit are first offenders who are likely to be returned to the community prior to the detention hearing. Generally, such detainees would be unsophisticated and susceptible to the negative influences of the chronic offenders housed in other units. In the Reception Unit they are provided with extensive counseling and opportunities to explore alternatives to delinquent behavior.

Neglected, abused, and dependent children are being taken to Juvenile Hall. They are the victims of broken homes and abusive parents. Every reasonable effort should be made to divert these children to a receiving shelter rather than Juvenile Hall.

During the past year the average daily population of Juvenile Hall has been 148 and the average stay of each child has been 6 to 9 days.

### PROBATION SERVICES

The Probation Department's primary area of responsibilities are delinquency and dependency cases. A total of 7,305 cases were processed last year.

This department also handles the following special services: record sealing, step-parent adoptions abandonments, guardianship-custody, marriage consents, military clearances, and out-of-town investigations. A total of 1,500 special service cases were processed last year.

A helpful development has been the addition of more Deputy District Attorneys to assist the probation staff in obtaining evidence, preparing petitions and presenting cases in Court. The office of the District Attorney at the Juvenile Court is now staffed by a Principal Attorney, three Deputies and a clerk. Probation staff are responsible, as before, for making preliminary investigations, determining whether or not to file petitions, and



## JUVENILE COURT - YOUTH GUIDANCE CENTER (continued)

preparing reports, but are relieved of the legal problems involved in determining sufficiency of evidence, arguing motions before the Court, and presenting the prosecution's case. The Juvenile Court has become a formal legal tribunal in which all minors are represented on both sides. The City Attorney's office provides comparable service for the Probation Department and the Department of Social Services in dependency matters.

### GIRLS' CENTER

Located in what was formerly a dependent children's cottage, the Girls' Center is a self-contained program with built-in learning and treatment services for girls who have experienced any combination of family, school, and social adjustment problems and who are in need of out-of-home placement.

The concept of the Center is to provide a therapeutic community utilizing a team approach to ameliorate the emotional, educational, and social adjustment problems of the girls. The Girls' Center provides individual and group counseling, parent counseling, a 12 month school program, and has a group living program designed to help a girl learn to develop improved peer relationships and enhance her social adjustment. A variety of supplemental programs, such as tutoring services, field trips, drama workshops, homemaking and meal preparation, sewing, gardening, dance, work experience, crafts, and recreational and cultural are provided with both staff and volunteer direction.

The Girls' Center operates both a residential and a Day Care program. Girls begin in residence, where there is a maximum of 15 girls; the length of stay is indeterminate and depends on the girls progress and ability to work through the difficulties that brought her here. A system of daily staff evaluation was initiated in June 1973 and has been working effectively. When a girl leaves residence, she may return as a Day Care student if it appears that she is in need of a continued individualized school program and can benefit from the structure and support afforded by the program. The average daily population, during the past year, has been 12.

### LOG CABIN RANCH SCHOOL

The Log Cabin Ranch program provides counseling, education and recreation for boys who are 15 to 18 years of age. Individualized counseling is scheduled for all students at least once a week. Counselors are available whenever there is a need. Group counseling sessions are also held weekly. During the past year the average daily population has been 44.

## JUVENILE COURT - YOUTH GUIDANCE CENTER (continued)

The training and educational program has been strengthened to better prepare graduates for the changing urban, sociological and economic patterns.

The Ranch has effected the following improved services:

1. Two probation officers continue to work with the staff to maintain an ongoing liaison between the boy and his family.
2. The school has a Reading Laboratory for those needing Remedial Reading.
3. Two para-professionals, one for English and one for Mathematics, are being used in the school.
4. The school has been evaluated and chosen by the State Board of Education as one of the select schools "with promising practices." The Ranch High School is fully accredited and is staffed by the San Francisco Unified School District.
5. Special activities including classes in model building, art, photography, typing, horseback riding and music have been organized.
6. Teams from the Ranch compete with outside groups in baseball and basketball. The Ranch has won many games in the Redwood City Recreation Department League.
7. The Teledyne Vocational Training Program, through a discretionary grant by L.E.A.A. is operating a vocational training program. The vocational training is in four areas, Upholstery, Sign Painting, Graphic Arts, Home Mechanics and Building Maintenance.

## HIDDEN VALLEY RANCH SCHOOL

Hidden Valley Ranch School was officially placed into operation on October 17, 1967. The building of H.V.R.S. was made possible by a mandate of San Francisco voters who had approved the bond issue in 1964.

Education and family inter-personal relationships are stressed in the hope that the boy may be able to return to the community with pride and the attitude that he can achieve in this competitive world without further institutionalization, either as a juvenile or an adult. Fair but firm methods are in practice at



## JUVENILE COURT - YOUTH GUIDANCE CENTER (continued)

all times, and since the rules and regulations are well explained, the boys respond accordingly.

At the present time, there are two programs in existence. The primary program is the diagnostic and evaluation program where the student is committed for a period of study not more than 90 days and returned to the Court for final disposition. The evaluation team consists of the Ranch School staff, the supervising probation officer, three probation officers and a consulting psychiatrist. The secondary program is a resource to the Court and child whereby the student is under commitment for a minimum of 6 months and is permitted to return to the community after a satisfactory adjustment. During the past year the average daily population has been 53.

## VOLUNTEER AUXILIARY

The Volunteer Auxiliary was established in 1950. It is a non-profit organization dedicated to supplementing the services offered to the dependent and delinquent children under the jurisdiction of the Juvenile Court. There are 350 members in the Auxiliary.

Income is derived from membership dues, donations from individuals and organizations, foundation grants, interest from a trust fund, a grant from the Mayor's Youth Fund and fund raising activities. The Corner Store in the lobby of the Center provides steady income.

Items supplied by the Auxiliary include beauty and grooming aids, Christmas gifts, all year round gifts such as birthday, graduation, wedding and special holidays, clothing, films, arts and crafts materials, recreation equipment and special items upon request.

The Auxiliary provides a multitude of useful services, some of which include: staffing and stocking a library, tutoring, probation aides working on a one-to-one basis with wards of the Court, directing recreational programs, a Job Orientation Program for older delinquents, providing boys and girls with paid employment at the Center under the Job Training Program, and providing a Sunday bus for the use of families to visit the two ranches.

## SUMMARY

1. The Juvenile Court Services should be encouraged to continue to seek alternatives for the placement of dependent and neglected children off the grounds of the Youth Guidance Center. Continued community support



JUVENILE COURT - YOUTH GUIDANCE CENTER (continued)

should be sought for establishment of a receiving shelter with supportive services for interim foster care in community-based foster homes.

2. The Court Services have provided a nurse to administer minimal medical services for Log Cabin and Hidden Valley Ranches. Inasmuch as these services are provided by temporary federal monies, every effort should be made through the necessary budgetary procedures to assure a permanent position for a nurse to maintain on-going services.
3. The Grand Jury feels that the Juvenile Hall and the Ranches should be better equipped with recreational equipment such as ping pong tables and sports equipment for the use of the children, that are being held at these institutions. Children must have an outlet for their energies when they are not in school and counseling programs to help alleviate the damage caused to buildings and equipment.
4. Log Cabin Ranch Vocational Program should be strengthened and continued, so that it may enable youths coming back to the community to find jobs. The Grand Jury feels the 90 day program at Hidden Valley is a positive resource for the Juvenile Court.
5. Past Grand Jury reports have mentioned the fact that there is an overall lack of security against escape from the facilities of Juvenile Hall and that the racial and ethnic balance between the department staff personnel and the clientele of Juvenile Court is disproportionate.

We have found that the detention areas of Juvenile Hall are as escape proof as practical. The funds required to tighten security to an appreciable degree could be more wisely spent elsewhere in the department.

An Affirmative Action Program is in operation. Reasonable efforts are being made to recruit and train minority staff personnel. The major difficulty encountered is that, there are not enough qualified and experienced minority people from which to chose.

Our visits to Log Cabin Ranch, Hidden Valley Ranch, Youth Guidance Center, and Juvenile Hall have proved to be interesting and enlightening experiences. We found the facilities to be clean, well maintained, and quite adequate.

## JUVENILE COURT - YOUTH GUIDANCE CENTER (continued)

The Grand Jury wishes to thank Judge Francis W. Mayer and Mr. Joseph J. Botka, and their staff for their spirit of co-operation and assistance.

This committee wishes to commend Mr. Botka for the efficient and intelligent manner in which he operates his department. He is a highly motivated, inovative, and dedicated individual, who has demonstrated his ability to deal with all facets of his position.

## ADULT PROBATION DEPARTMENT

This department functions as an investigative and rehabilitation unit of the Criminal Courts. It performs investigations (following a plea or finding of guilt by offenders) and presents a recommendation to the Courts as to whether or not probation should be granted or denied, and then supervises those persons who are placed on probation. This department is also responsible for the collection of fines imposed by the Courts, the money in restitution ordered by the Courts, and the money for child support ordered by the Courts.

At the close of fiscal year 1972-73 a total of 13,680 persons were on probation to this department. At the end of the present fiscal year, this number had been reduced to 12,346.

Average caseloads in the Municipal Court were reduced from 152 to 138; in the Superior Court from 270 to 253, and in the Family Support Unit from 253 to 215.

Last year the department suffered a reduction in personnel, losing five clerical positions during the course of budgetary hearings. As a result of the reduction, it was necessary to eliminate the Intensive Supervision Unit, thereby returning the 98 probationers in that unit to conventional caseloads. The alternate choice was to close the Family Support Unit for lack of clerical staff.

The above mentioned reduction in clerical staff will doubtlessly have an impact on the Cashier's Office, which customarily operates in arrears on approximately \$5,000 in payments each month. During the past fiscal year, with the help of two temporary clerks, collections in the Family Support Unit were increased by \$104,569. The total salaries paid to the two clerks amounted to but \$14,569 and seemingly the money was well spent. Since the positions were given to the department on the basis that



## ADULT PROBATION DEPARTMENT (continued)

they should "prove their worth", it was anticipated that they would be allowed in the new budget on a permanent basis. Not only was such not the case, but as was previously mentioned, they were eliminated entirely. It is anticipated that their loss will be reflected in the current year's collections, and additionally will have a negative impact on the already over-burdened Cashier's Unit.

Court probation has been instituted as a means of reducing departmental probation caseloads. Court probation provides no supervision nor counseling for the offender. Court probation coupled with a suspended sentence returns the criminal to the community to continue his unlawful activities. Probation is ordered usually in place of a sentence, with the understanding that upon commitment of a subsequent law infraction, the suspended sentence shall be imposed. However, a circular recidivism is effected by the San Francisco Courts' ordering consecutive grants of probation rather than imposing the original sentence. The same probationer may appear before the court two or three times within one year, cause several probation reports to be written to no avail, have three separate grants of probation running concurrently and still be free to prey on the community.

The Courts' leniency and the District Attorney's and Public Defender's practice of plea bargaining increase recidivism, add to long court calendars and create large probation backloads. We do not feel that the probationer is really being helped or rehabilitated, when suspended sentences are not imposed upon the commission of a new crime. There is little justification for a probationer having more than one grant of probation at any given time. We believe that more crimes are likely to be committed when a criminal knows the courts are lenient, and that he will probably get a suspended sentence and probation.

Former Chief Adult Probation Officer, Warren T. Jenkins, has told us that San Francisco is losing many thousands of dollars in rebate monies in the area of collecting child support payments. The Federal Incentive Program (Public Law #93-647), provides for payment of matching funds from State and Federal government. According to Mr. Jenkins, an expenditure by San Francisco of \$862,278 would result in a reimbursement in the amount of \$2,071,100. Participation in this program is prevalent in most major cities.

Insufficient staff is the major problem of this department. The result is that most of those on probation are not being offered the benefits of proper supervision.



## ADULT PROBATION DEPARTMENT (continued)

### SUMMARY

1. We urge the District Attorney's Office, the Department of Social Services and the Adult Probation Department to give serious consideration regarding the adoption of the Federal Incentive Program.
2. More clerical help should be hired.
3. More probation officers are needed. The average caseload per probation officer should be 125 cases, as opposed to the existing average caseload of over 200.
4. Justice could be better served if the Courts would discontinue the practice of ordering consecutive grants of probation rather than imposing the original sentence.
5. The courts should keep plea-bargaining to a minimum, even though it does save time and money at the court administration level.

### LAW LIBRARY

California law requires each county to establish and maintain a law library that is readily accessible to the residents of the county.

The City and County of San Francisco maintains a Main Law Library at City Hall and a branch Library at the Mills Tower Building on Montgomery Street. The majority of the Law Library patrons are attorneys and students.

The funds to operate the Law Library are primarily derived from Superior and Municipal Court filing fees. The City and County, through its annual budget appropriations, provides funds for the salaries of the Law Librarian, Assistant Librarian and one bookbinder.

The Main Library's collection consists of over 208,000 volumes, with an increase of about 3,000 volumes each year. The Mills Branch collection has nearly 39,000 volumes, with an increase of about 700 volumes each year. The estimated value of the combined collection at both libraries is nearly \$10,000,000.

The Main Library at City Hall has suffered from a lack of proper and adequate shelf space for many years. Over 30,000

## LAW LIBRARY (continued)

volumes are still being stored in the basement, on the fifth floor attic of City Hall and piled on the floor of the Main Library.

## RECOMMENDATIONS

This committee has explored several possibilities for the generation of additional space needed for the Main Library:

1. Moving the Library to another location seems to offer many advantages. One exception would be the ability to maintain an economical security system against theft and vandals.
2. Any major expansion of the Superior and or Municipal Courts could be coordinated and worked in conjunction with a Main Library expansion.
  - a. If a new courthouse were to be built, serious consideration should be made to include adequate facilities for a Main Law Library.
  - b. A reorganizing and reshuffling of courtrooms and offices at City Hall could give the Main Law Library an opportunity to perhaps acquire the adjacent space necessary to adequately expand its facilities.

Faxon H. Bishop

Mrs. Deborah C. Goldstein

Thomas R. Ho, Chairman

**1975~76**

**INVESTIGATORY  
GRAND JURY  
REPORTS**



**CITY AND COUNTY OF  
SAN FRANCISCO  
CALIFORNIA**





FINAL 1975-76 CIVIL GRAND JURY REPORTS

TABLE OF CONTENTS

VI	Foreman's Letter to the Presiding Judge
130	Adult Probation Department
257	Aging, Commission on the
275	Agriculture and Weights and Measures, Department of
16	Airports Commission
41	Animal Control Center
242	Art Commission
40	Asian Art Museum
66	Assessor
35	California Academy of Sciences
79	Chief Administrative Officer -
304	City Attorney
322	City Debt Management
244	City Planning, Department of
213	Civil Service Commission
201	Community College District
234	Controller
82	Coroner
288	County Clerk
304	District Attorney
316	District Attorney (Minority Report)

TABLE OF CONTENTS (continued)

319	District Attorney (Reply to Minority Report)
83	Electricity, Department of
239	Electronic Data Processing
18	Emergency Services
286	Farmer's Market
275	Finance and Records, Department of
37	Fine Arts Museums of San Francisco
14	Fire Department
220	Health Service System
257	Human Rights Commission
102	Juvenile Court - Youth Guidance Center
142	Law Library
20	Log Cabin Ranch Vocational and Guidance Program
229	Mayor
99	Municipal Court
93	Neighborhood Hearings
246	Parking Authority
91	Parole Board
181	Permit Appeals, Board of
85	Police Department
144	Port Commission
292	Public Administrator - Public Guardian
304	Public Defender
53	Public Health, Department of
159	Public Library



TABLE OF CONTENTS (continued)

68	Public Utilities
73	Water Department
76	Hetch Hetchy
70	Municipal Railway
46	Public Works, Department of
44	Purchasing Department
50	Real Estate Department
300	Recorder
297	Records Center
248	Recreation and Park Department
264	Registrar of Voters
223	Retirement System
1	Sheriff
257	Social Services, Department of
198	Strike Report
99	Superior Court
32	Supervisors, Board of
281	Tax Collector
65	Treasurer
207	Unified School District
174	War Memorial
257	Women, Commission on the Status of
*****	
V	Interim and Special Reports, List of

MEMBERS OF THE 1975-76  
CIVIL GRAND JURY  
IN AND FOR THE  
CITY AND COUNTY OF SAN FRANCISCO

Harold J. Bentson

Roger Boas

Charles R. Breyer

Mrs. Elizabeth A. Carr

Gordon Y. Chin

Maurice L. Dickinson

Harold S. Dobbs

David R. Garrett

Jesse M. Lemus

Mrs. Clarissa S. McMahon

Alan H. Nichols

Mrs. Charlotte C. Poole

Alan A. Rosenbaum

William R. Shapiro

Richard M. Sims III

Spiron J. Tentes

Ms. Katheryn M. Fong, Secretary

Richard O. Herman, Foreman (August 1975-May 1976)

Lloyd D. Luckmann, Foreman (May-July 1976)

Impaneled, August 14, 1975

Discharged, July 31, 1976

LIST OF INTERIM AND SPECIAL REPORTS  
ISSUED BY THE 1975-76 SAN FRANCISCO  
COUNTY CIVIL GRAND JURY

<u>DATE</u>	<u>SUBJECT</u>
October 28, 1975	Interim Report on the Use of Anticipated General Fund Surplus in Connection with Setting the Ad Valorem Tax Rate
January 19, 1976	Interim Report on the Projected Budget Deficit For 1976-77
April 29, 1976	Interim Report on the New San Francisco General Hospital
May 3, 1976	Special Report on Deferred Maintenance
May 14, 1976	Interim Report on A Need For Better Fiscal Control (Note: This Interim Report may be found at pages 233-238 in this volume.)
July 30, 1976	Nursing Home Statement

Note: Copies of these Reports are on file in the County Clerk's Office.





1975-76 SAN FRANCISCO COUNTY CIVIL GRAND JURY

Honorable Robert J. Drewes  
Presiding Judge, Superior Court  
Room 375, City Hall  
San Francisco, California

Dear Judge Drewes:

On behalf of the members of the 1975-76 Civil Grand Jury, I am pleased to submit to you the Final Reports of this Grand Jury.

I would like to take this opportunity to commend the attention of the 1976-77 Civil Grand Jury to several matters which were the subject of concern to this Grand Jury and which the new Civil Grand Jury may wish to investigate and follow up on. A major concern of this Grand Jury was the critical fiscal situation confronting the City and County of San Francisco as reflected in our reports. San Francisco, of course, is not unique in this regard. The City, however, will have to be extremely vigilant in allocating and using its resources in order to maintain essential services at a reasonable cost to the taxpayer. This matter merits the attention of the 1976-77 Civil Grand Jury as well as future Grand Juries.

Another area of great concern to this Grand Jury was the Unified School District. The deterioration in the quality of education together with declining enrollments and increasing costs indicate the need for constant re-evaluation of procedures and projects by the School District with a view toward providing the best education possible under extremely difficult conditions.

I would also suggest that the 1976-77 Civil Grand Jury follow up on our request that the District Attorney conduct an independent investigation of the criminal activity that took place during the two municipal strikes which occurred during our term of office. We requested that after his investigation the District Attorney report what steps he has taken in response to these matters to the 1976-77 Civil Grand Jury.

The final area of concern which I believe the new Grand Jury should investigate and follow up on is the Port. This investigation should clarify to the public what has gone on in the past in order that they understand the problems facing the Port. It should also set forth what is going on at present to revitalize the Port and what should be done in the future to achieve that end.

The members of this Civil Grand Jury have been congenial and cooperative throughout our term of office and their good efforts and hard work are reflected in the Special and Interim Reports issued

during the year, as exemplified by the Interim Report entitled "A Need For Better Fiscal Control", authored by Roger Boas, as well as the Final Reports herewith presented.

The Interim Report "A Need For Better Fiscal Control", aforementioned and which may be found at pages 233-238 of these Reports, generated much interest because of the concern for better fiscal controls at the local government level both within the government and among the general public. I think it is only fair while discussing this particular report that it be noted that after the report was issued the Controller, John C. Farrell, and the Budget Analyst to the Board of Supervisors, Harvey M. Rose, took exception to portions of the report. Mr. Farrell advised us that he found our appraisal of his qualifications inaccurate and provided us with a summary of his educational and employment background to support his contention. Mr. Rose informed us that the Interim Report was inaccurate because although he supported the Controller's recommendation of the use of \$7 million of anticipated surplus during the setting of the tax rate in September, 1975, believing that amount to be prudent based on the actual surplus of the City and County for the past three years, he advised the Board of Supervisors against the use of anticipated surplus above the \$7 million figure. He also noted: "...that the Board's use of an additional \$9.7 million in no way jeopardized the City's finances, and in fact the entire \$16.7 million has been achieved."


We were deeply saddened by the death of our Foreman, Richard O. Herman, on May 3rd of this year. He was a dear friend and he set an example of dedicated leadership which inspired cooperation and stimulated good investigative research necessary for our work. He is missed and we are sorry that he did not live to see the completion of this Jury's work.

I would also like to take this opportunity to thank each member of the Grand Jury for the support and assistance they have given me during our term of office, especially while serving as Foreman. I am sure that the other members of the Jury join me in an expression of gratitude to our Secretary, Katheryn Fong, for the excellent job she has done throughout the year.

We would also like to extend our thanks and appreciation to Michael K. Tamony, who worked very closely with the Grand Jurors in his capacity as Grand Jury Consultant.

We especially thank you and the Judges of the Superior Court for your support and confidence during the past year.

Respectfully,



Lloyd D. Luckmann, Foreman  
1975-76 Civil Grand Jury



## SHERIFF'S DEPARTMENT

### A. Generally

The Sheriff is an independently elected official charged with the administration and operation of the City's Sheriff's Department. Although this department does some normal police work in connection with arrests, escaped prisoners, jail investigation, etc., most police work is carried on by the Police Department because of San Francisco's unique City/County status. The Sheriff's Department provides bailiffs for San Francisco's forty-five Municipal and Superior Courts, civil process activities including service of process, collections, civil arrests, evictions, auto seizures, levies, attachments, garnishments, etc., and the management and operation of the County and recently the City jails. Over 10,000 men and women are processed through the San Francisco jails alone each year including those prisoners held pending trial but not including prisoners held for and forwarding to other penal institutions or courts; that function involves hundreds more.

The Board of Supervisors in response to orders of the United States District Court has increased the budget and personnel of the Sheriff's Department dramatically in the last several years. In 1973, the total budget of the Sheriff's Department was \$3,946,900 and by 1976 it had almost doubled to \$7,300,349. All personnel of the Sheriff's Department excepting the Sheriff himself, an appointed attorney, a confidential secretary and the Undersheriff are employed through Civil Service. The Sheriff's Department has made extensive use of special programs and additional staff from state and federal sources like the EEA, CETA and WIN programs.

Previous Grand Jury reports for the past several years have been critical of the Sheriff. This Grand Jury has reviewed those reports and referred Sheriff's Hongisto's answers to the last report to the last Grand Jury Committee. The previous Grand Jury remains unimpressed by the answers. To the extent that this Grand Jury has been able to review these criticisms, Sheriff Hongisto's answers are convincing, although it would seem to us, put in an unnecessarily antagonistic way. That is not to criticize him for his refreshing directness in pointing out errors. We do concur that the City Attorney's office should provide legal services to the Sheriff rather than having a separate legal counsel. We feel convinced that a workable arrangement between the Sheriff and the City Attorney could be made to assure the continuity and expertise that the Sheriff needs for special problems of the Sheriff's Department. The Sheriff's criticism of the Grand Jury as to the Sheriff's administrative performance seems valid in one respect. The Grand Jury has neither the time, the support nor the expertise to prepare a detailed management survey of this Department. The best any Grand Jury includ-

## SHERIFF'S DEPARTMENT (continued)

ing this one can do is to comment on the specific matters that come to its attention with the hope that the Sheriff will follow up and determine what criticisms are useful and helpful in his administration of the Department. The Jury's recommendations may also be helpful to the Board of Supervisors and Mayor in their supporting and coordinating roles with the Sheriff's department.

The Grand Jury pursuant to its statutory duty (Penal Code Section 919(b) ) as a whole spent an evening visiting the jails under the jurisdiction of the Sheriff. In addition the Committee met with the Sheriff and his staff several times and once with the Chairman of the Jury's Public Health Committee in connection with the security Ward 54 at General Hospital, the Ortiz matter, the health program for prisoners and other details of the Sheriff's office. The Chairman of the Committee further spent three nights and three days under cover of a contempt of court charge as a prisoner in the Bryant Street Jail and the San Bruno Jail. This was an important experience in reviewing the operations of the jail from the prisoner's point of view.

It should be noted that the primary improvement in the jails to the extent it has involved budgetary considerations and the employment of additional personnel was first due to the order of the U. S. District Court to San Francisco to employ additional personnel and purchase vehicles and other equipment. The Grand Jury was unable to carefully review the present equipment of the Sheriff's Department but note that many of the vehicles per the letter of February 4, 1976, of the Sheriff's Department are virtually beyond salvage and the cost of maintenance and repair exceeds the cost of acquiring new vehicles. The communications system inside and outside the jails is inadequate.

### B. Jails

The Sheriff operates County Jail #1 at the Hall of Justice on Bryant Street and is beginning to coordinate the operation towards taking over the City Prison on the 6th Floor at Bryant Street, administers security for the work furlough program with its own security facility on Bryant Street across 8th from the Hall of Justice, provides security for Ward 54 in the General Hospital for injured or sick prisoners or arrestees, and operates the men's and women's prison facility in San Bruno. Indications are that all of these facilities other than women's facilities, are being used fully and sometimes in excess of capacity. The new policies of the District Attorney in connection with charging and prosecuting cases without negotiations for the reduction of crimes has resulted already in increasing the jail population primarily from those prisoners awaiting trial. If additional courts are not added and the District Attorney is not able to change his policy or bring cases to trial sooner, there will be a serious security, health, transportation and safety problem in connection with the maintenance and holding of San Francisco's prisoner population. This can also result in mixing convicted and



## SHERIFF'S DEPARTMENT (continued)

unconvicted persons with resulting danger and severe injustice.

### 1. Security

The security of the jails seems adequate, except for the serious problems at the hospital and City Hall which will be covered later. It was suggested and the Grand Jury concurs that identification cards with names, picture and special designation be used by all Sheriff's personnel and volunteer personnel at jail facilities. The Sheriff's encouragement of volunteers for participation in jail programs is on balance in the opinion of the Jury, excellent. The Jury recognizes as does the Sheriff and the Sheriff's personnel that increased activities in the jails with volunteers or with other outside personnel does increase the security risk, drug traffic and the difficulties of handling prisoners. Careful screening, improved identification and increased training and supervision would help decrease the inherent risks to volunteers, staff and prisoners alike.

### 2. Food and Supplies

The Jury feels the food at the jails is adequate and is much less critical than previous juries of its content and service. The lack of a central eating facility at San Bruno does not seem so much of a problem to this Jury. In fact, the handling of prisoners in a central cafeteria could well be a bad mistake. The Committee Chairman ate meals for days in the jails. While they are obviously high in starches, they seem adequate and properly served by the prison trustees. Of course, there is favoritism, at least petty graft and theft within the kitchens themselves by the prisoners and others. It is doubtful that this can be controlled without greatly increased control and additional personnel. The total result still seems to be fair portions of food for all prisoners served adequately.

Although it may have been an individual situation rather than a general problem, the Chairman as a prisoner experienced a failure to receive various items: mattress covers were not provided in the Bryant Street Jail nor was toothpaste or toothbrushes (particularly for short-term prisoners). Socks and underwear were not provided at Bryant St. but were at San Bruno. Various other items of supplies while apparently available, are sometimes not given to the prisoners upon entry, (cup, towel, comb, toothpaste). Periodic surveillance should be made through the processing centers. Violations of the instructions and operating requirements as to search and handling of prisoners for drugs and other contraband were personally observed.

### 3. Drugs

The use of drugs in prisons is an admitted problem of all prisons. Nevertheless, the Jury does not feel it should be ignored. For example: drugs are a cause for serious crimes within the prisons



## SHERIFF'S DEPARTMENT (continued)

endangering Deputies and prisoners; their availability increases the chances for previously "clean" prisoners to become addicts; they constitute temptation for profit by staff. In a short three-day stay in the prisons, the Chairman learned many of the simpler ways of importing drugs into the prison including having attorneys or volunteers bring them to prisoners, putting drugs in rubber balloons and inserting them in the rectum, the mouth or ears, having visitors attach drugs to a string or bury drugs on the premises during visitor times to be later picked up by prisoners, flushing drugs in water-tight containers into the toilet system to be taken from the sewer ponds by knowledgeable prisoners (now corrected), swallowing drugs in water-tight capsules and throwing them up once inside the prison, feigning illness and pain to the medical staff and making your own drugs for "highs" from freely passed out non prescription drugs. This is very difficult to control even in maximum security prison areas within the state penitentiary system.

That does not mean that stringent measures should not be taken including periodic lock-ups and complete stripping down of cellblocks, careful and close processing of prisoners upon entry, good intelligence operations among volunteers, prisoners and deputies to pick up organized drug operations and expanded educational and drug program opportunities within the jails.\*

### 4. Rehabilitation and Education

As pointed out by the Sheriff, two-tenths of one percent of the budget is invested in rehabilitation of prisoners. It is claimed that it is impossible to "rehabilitate" an already hardened criminal even if he or she is relatively young as distinguished from the older men who have spent decades in various prisons. It is true there are many incorrigibles. On the other hand rehabilitation in many cases means simply obtaining employment or educational opportunities for prisoners who are tired of the round of prisons, arrests, deprivation, drugs, illness and danger involved in criminal and prison life. Educational opportunities are provided for prisoners by the City College special programs and volunteers. The Chairman attended a music session of prisoners who were acquiring and had already acquired extensive knowledge and skills. Increased efforts should be supported by the community and the Board of Supervisors. It is fiscally and humanly imperative.

### 5. Exercise

Exercise has long been considered a basic requirement of

\*The sign on the drug control center at San Bruno invited prisoners to "Join our drug program. We guarantee success or your monkey back."

## SHERIFF'S DEPARTMENT (continued)

proper prison control and operation. The exercise facilities at the Bryant Street Jail are virtually non-existent and in any event very difficult to control. As a result, there is practically no opportunity for exercise for men in the Bryant Street Jail, many of whom are there for 30 to 120 days. The same finding was made two years ago by the state inspector of San Francisco's jails. The San Bruno facility is better at least in good weather because of the opportunity for outside exercise. That facility makes insufficient use of that opportunity. Each cellblock, if they are lucky, has an opportunity for exercise only once a week unless they are working on the farm and cellblock 6 North has no opportunity for exercise.

### 6. Medical Care

The medical care of prisoners looms important in the prisoners' minds as well as the Sheriff's. The medical care was found inadequate by the U. S. District Court and was thereafter taken over by the Department of Public Health. In a strong letter from Sheriff Hongisto of December 16, 1975, he claimed that the Department of Public Health was not doing its job. There are many difficult issues including proper security of prisoners during medical call and the indulgence of doctors of prisoners' requests for drugs, particularly tranquilizers. The Grand Jury strongly suggests that the Director of the Department of Public Health and the Sheriff meet immediately with their respective staffs (the people working in the medical areas and the chiefs of the jails) to discuss thoroughly the prisoners' needs, the Sheriff's requirements and the Department of Public Health's problems in providing adequate medical care for prisoners. A plan of action should be worked out with specific dates for each item and reporting to the Board of Supervisors of progress.

### 7. Violence

Violence in San Francisco's prisons can come from Deputies against prisoners, assaults by prisoners against prisoners often with racial overtones and homosexual attacks. From the Chairman's personal experience violence by Deputies against prisoners seems to be virtually non-existent, probably because of the young age of deputies guarding prisoners, the Sheriff's strong policies against such activities, the Sheriff's Internal Affairs Division and active prosecution threats for such activities.

Prisoner violence and attacks on each other is a serious problem. On the other hand, it is the Undersheriff's responsibility to maintain safety of the prisoners. He has been unable to do so in spite of a strong policy to prosecute all such cases. To date not a single case has been prosecuted in spite of his efforts allegedly because of legal and evidence problems. The Grand Jury refuses to believe there is no way to prosecute prisoners for violent or homosexual attacks on other prisoners and strongly suggests the District



## SHERIFF'S DEPARTMENT (continued)

Attorney and the Sheriff meet to work out how it can be done.

Segregation of violent prisoners at San Bruno is inadequate. Cell block 6N for "low riders" is overcrowded and contains all felons and assaultive prisoners. Non assaultive felons should not be so treated. Single prisoner isolation for assaultive prisoners is illegal for an extended period of time so administrative segregation areas should be established. Because of guard staffing shortages these most dangerous prisoners have no opportunity for exercise whatsoever (except for fighting each other?).

### 8. Other Matters

The Jury has not had the opportunity to meet the jail Ombudsman but feel the existence of such a person is a good idea.

The Jury was surprised at the relative number of men and women prisoners. While the male population at any one time in all prisons might be 800-900, the female population would be less than 100. The female facilities at San Bruno and Bryant Street are much cleaner and more orderly. The female population in relation to present capacity seems to be small. It is beyond the scope of this report to analyze why so much less crime is committed by women or why there are fewer arrests, incarcerations, etc. With vast changes in the roles of women in America indications and national trends show an increase in the number of women prisoners. If they obtain parity in prison population, San Francisco's facilities will be impossibly inadequate. Actual women prisoner population is going down in San Francisco because of rehabilitation, the District Attorney's policies on prosecutions and Parole Board policies, for example.

Sound control within the prisons is non-existent. Sound reduction might involve tremendous sums of money but grants should be requested on how to reduce it. High noise levels strongly increase security problems and tensions among the prisoners. They make it virtually impossible for the deputies to know what is going on, where the problems are brewing or what is happening to prisoners being assaulted for example. At the very least, an audio monitoring system should be installed or up-graded where it exists. It can be useful in monitoring and in making announcements. The Sheriff's department should have a radio channel of communication independent of the Department of Public Works, Department of Public Health, and Recreation and Park Department and closely coordinated with the Police Department contrary to the present situation.

At least in one test case, it seems apparent that there is proper accounting by the Sheriff for prisoners' clothes and money turned in on processing. In fact, the Chairman as a prisoner, purposely hid a \$20 bill in his wallet and didn't report it when his money was taken upon entry to the jail; when he was released the



## SHERIFF'S DEPARTMENT (continued)

additional \$20 had been added to his account. (We have no explanation why there were two \$10 bills instead of the \$20?)

The last report from the Board of Correction of the State was the report of August 28, 1974 with a supplemental progress report. If it has not been done, the Grand Jury recommends that an updated thorough report be made by the State particularly since this could probably be done without expense.

The Sheriff and his Department seem to welcome investigation which can help improve the prisons and jails of San Francisco. He has been very cooperative with the Grand Jury.

### C. The Ortiz Escape and Ward 54

#### 1. The Escape

On February 25, 1976 George Ortiz escaped from Ward 54 at the General Hospital. He pried open a screen, opened the window and climbed down a drain pipe without being noticed by any of the police or deputies on guard. That ward is supposedly the security ward in that hospital for prisoners. Three deputy sheriffs as well as two policemen were watching and on-guard at that ward at that time. Very shortly thereafter, the Undersheriff, Jim Denman, made a report to this Committee and gave this Committee the benefit of his immediate investigation of this escape. Since that time, the Sheriff's Review Board has made its own investigation and report. This Committee also personally inspected the premises and investigated the method of the escape.

From the Committee's observation and statements received, there was an obvious failure in the chain of command from the Sheriff and the Undersheriff to the Deputies on Ward 54. There was also a lack of coordination with the police department. Apparently, contrary to instructions by the Undersheriff, there was no deputy with the prisoners on Ward 54 at the time of the escape. The extra deputy that was on the ward that night with the specific assignment of watching Ortiz was taking another prisoner with another Deputy to other parts of the hospital for treatment. The police department does not maintain contact with prisoners, but remains armed and outside the Ward as did the third Sheriff's Deputy so they were unable to observe what was going on in the ward. Six weeks prior to this escape, Chief Bengston, who is in charge of the City jail as well as Ward 54, was specifically directed by the Undersheriff to take action in connection with making Ward 54 more secure. He had three days in which to do this prior to his leaving his duties to go to school. It was clear that the deputies on Ward 54 were unsure who was in charge, although one of the deputies, Caldwell, was supposed to be in charge. There were no written instructions or orders as to this chain of command. In fact, there is evidence that there were conflicting

## SHERIFF'S DEPARTMENT (continued)

orders and requests.

Ortiz was an experienced criminal and had escaped four to five times previously, and in each of these escapes had used the same approach, namely, feigning illness, being taken to a medical ward or medical facility, and escaping from that facility. The Sheriff's department was aware of this record and in fact Undersheriff Denman specifically ordered that the number of deputies with Ortiz on his removal from San Bruno to the hospital be increased. There were even two deputies on-guard during his operation in the hospital. Ortiz feigned stomach illness so successfully that the doctors were making an exploratory operation. In one of his previous escapes, he had actually escaped from the operating room.

In fact, Ortiz had escaped from the San Francisco Police Department two and one-half years ago. To make matters worse, Ortiz escaped in the exact same manner and through the same windows that prisoner Canton had escaped through only two weeks previously. Ward 54 from a security point of view, is ridiculous. In fact, it would be laughable if it were not for the fact that dangerous criminals are able to escape like Ortiz. Ortiz had been previously arrested, charged and been in prison for robbery, burglary, kidnapping, drug traffic, and various other crimes, many of which involved violence.

There were several obvious breaches of reasonable security and requirements in this escape. Assigned deputies failed to carry out their duties. The age of the deputies generally is extremely young so that their experience and qualifications may be doubtful. Ortiz was supposed to be in shackles, but he was not at the time of the escape. There was an obvious failure on the part of the Sheriff's department, the Department of Public Works, and the Public Health Department, to provide adequate security in this ward. The Board of Supervisors must share that responsibility. There was a contention that \$11,000 had been appropriated for security in this ward. After careful investigation, it was determined that the \$11,000 was appropriated in 1972 for the security ward window screens. Another \$1500 has been appropriated. The work has been completed finally. The buck-passing time-wasting and difficulties of doing a simple thing like providing adequate security on the windows is amazing. Obviously, given Ortiz's previous record, someone will suffer perhaps serious bodily harm or injury because of the laxities involved.

Have the lessons of the Canton and Ortiz escapes been learned? At the latest report, the windows from which they both escaped still have the same screens, but now have metal attachments. The Sheriff describes this as only an "improved minimum security ward". He goes on to describe the new interim security ward to be used prior to completion of the new facility as "marginally" adequate.



## SHERIFF'S DEPARTMENT (continued)

### 2. Communications

It is impossible for the deputies in Ward 54 to communicate with outside roving Sheriff's deputies in case of a large breakout. They are required to telephone or use the police channels if a policeman happens to be present. When the Sheriff's department completes taking over this facility from police, there may be no police and no way to immediately communicate for outside support in case of a breakout. The Sheriff's department shares its channels with three other departments. Sometimes those channels are not available because of use by those agencies. Furthermore, the equipment is ineffective inside the hospital because there are insufficient batteries and equipment to communicate to the outside by radio.

### 3. Will it happen again? Here and elsewhere?

By a conservative estimate, it takes six weeks at a minimum for the city to correct what is admittedly a dangerous situation. The Board of Supervisors, after hearings and weeks of delay, must approve the budget item. It must be reviewed and plans drawn by the Architectural Bureau, passed on by the Department of Public Works, and the Department of Public Health and the Sheriff's Department. Finally, the job must be put out to contract and the bids received. In the meantime, there may be real danger of further escapes. The history of these windows is even more lengthy. The Board of Supervisors appropriated \$11,000 for this purpose in 1972 but they were installed months later in their present insecure manner. An additional \$1500 was appropriated in 1976; the work was not done until over 8 weeks from the Canton escape and is still ineffective according to the Sheriff.

Every indication is that this escape will happen again because of the lack of procedures to protect or avoid it. There are not enough deputies to watch prisoners in the hospital since prisoners must be moved from Ward 54 to other departments for treatment, x-rays, surgery, etc., in the presence of deputies. The medical staff's attitude is one which encourages escape efforts, since deputies are not allowed in the room with prisoners during examination or treatment.

In light of the delays and difficulties in completion of the general hospital, let alone completion of a new security ward, it is obvious that it will be many months before the problems of security at the hospital will be resolved, if at all.

Although it is of course minor, the case of the bedpan cabinet is typical of the City's handling of many of its affairs, whether the Sheriff's department or elsewhere. In the central bathroom of Ward 54, out of either sight or hearing of any deputies or police, are several wash basins. To the left of those sinks is a cabinet that has, on our inspection, nothing but a few bedpans



## SHERIFF'S DEPARTMENT (continued)

in it. The cabinet had no lock and a wooden door that can be easily opened. When one opens the door, even after two escapes from this ward, we found that the screen had been cut. On the other side of that cut screen is a stairway leading to the outside. The ease of escape here is so surprising that the Grand Jury finds it impossible to understand why there haven't been more escapes in exactly this way. When reportedly the Sheriff's office requested the hospital to bar off this cabinet or at least provide a lock on the wooden door, the hospital took the position that the cabinet was absolutely essential and that there was no place else to put four or five bedpans, and refused to make this correction. Finally in late March the screen was repaired (it had already been cut) and a small inadequate lock put on the wooden cabinet door. Will it take an escape and injury to high-ranking officials of the Department of Public Health to force a further minor correction?

As pointed out in the other sections of this report, the Ortiz escape may be related to the fact that most of the deputies in charge of prisoners are inexperienced and very young. They usually draw this kind of duty when they first go to the Sheriff's department and for one to two years more. With training, vacations, time off, army leave, etc., that gives them very little time on the job. If they stay with the Department that long, they soon apply for jobs in the Sheriff's departments or police departments in other areas of the State, which pay more than the San Francisco Sheriff's department. If they stay with the San Francisco department for a few years, they usually transfer to an easier task as bailiffs in the courts. After they have been bailiffs for ten years, they ordinarily are eligible for sergeant ranking. In that rank they usually return to the jails with which they have not been involved for years. Yet they are in leadership positions there. Steps should be taken to change this situation including salary changes and different procedures.

The Grand Jury notes with alarm these escapes, not because there are not escapes in all prisons, but because the causes do not seem to be remediable in an expeditious way by San Francisco's bureaucracy. We further predict that there will be future escapes through Ward 54 and the Hospital because of the policies of the City of San Francisco.

An even more serious and dangerous situation is the four criminal courtrooms being operated in City Hall because of the overcrowding at the Hall of Justice. There are insufficient bailiffs to provide security for these prisoners and there are insufficient facilities including even toilet facilities at City Hall, to assure their security, let alone their proper treatment. There is no holding cell at all for women prisoners, since male and female prisoners can not be put in the same cell. There prisoners mix with jurors, observers, attorneys, judges, and the citizenry in City Hall with the real possibility and opportunity for escape. This is also

## SHERIFF'S DEPARTMENT (continued)

further related to the District Attorney's policies which are increasing the number of prisoners being held prior to trial discussed earlier.

The question of providing an adequate secured prison ward in the new General Hospital is covered in the report of the Public Health Committee. The Committee notes again that through an impossible to understand lack of foresight, the entire hospital was virtually completed before it was even recognized that there had to be a proper prison ward within it. The story of how that prison ward was finally established, the plans drawn and the monies obtained at the last minute with expensive change orders is more the subject of another report, but is nonetheless deplorable.

### D. Staff

As pointed out, the age and salary level of Sheriff's employees are allegedly very much lower than police and sheriff's (at least 12-1/2 % under) departments in surrounding areas so that San Francisco is operating a training school for men to get their peace officer status and then transfer to other areas. Thus, the turnover in the Sheriff's department is high, and the training costs to San Francisco unnecessarily high. Commitments, at least moral, to remain with the Sheriff and training should be provided in such a way as to retain Sheriff's deputies for at least five years. Furthermore, transfers to bailiffs positions, except in unusual situations, should not be made until five years experience in the jails and/or other activities of the Sheriff's office. Finally, promotions should not be made or responsibilities be given to a sergeant or a lieutenant of jail facilities until such men have new experience and new training.

In reviewing the training of Sheriff's personnel, it seems to relate more to peace office or police work than to jail work. We recommend that some effort be made and a grant be requested from governmental agencies to set up an academy for deputies in prison, and that professional and recognition status be given to them. Prisons are complex, interesting and important. The police spend tremendous effort in locating, arresting and holding at most for a few hours a prisoner, while the Sheriff's office must handle those same prisoners for weeks pending trials and for up to a year after sentence.

The Grand Jury is unsure as to whether the Sheriff's department needs special personnel procedures so as to avoid civil service. It is clear that the personnel of the Sheriff's office perhaps because of past morale problems and perhaps because of a lack of administration, neither of which can be confirmed at this point, do not seem to respond to orders from higher authorities. This was experienced personally by the Chairman of the Committee in his activities as a prisoner and was obvious in the Ortiz matter and in the Canton escape for that matter.



## SHERIFF'S DEPARTMENT (continued)

It is noteworthy that Sheriff Hongisto has been relatively more successful in by-passing the Mayor's fiscal policy committee that has frozen the employment of new personnel. It is unfortunate that his tactics seem to be the only ones that are successful. They are well-summarized in his letter of January 15, 1976, to Mr. Rose, a copy of which the Grand Jury obtained, including threatening, cajoling, undertaking legal action, contacting the press, and other forceful measures. As a result of these measures, the hiring freeze on Sheriff's personnel was withdrawn in a number of specific cases.

### E. Combination with Police Department

One of the questions that has often been raised is whether the Sheriff's department should be combined with the police department. A lengthy report against this has been prepared by Sheriff Hongisto, but has not yet been furnished. It is a matter, however, that should be kept in mind for the future.

### F. Rehabilitation

One of the shibboleths of prison policy is that it is less expensive in human terms and in dollar terms to keep people out of prison rather than in them. Parole, rehabilitation, education, job counseling, medical support, social work, and myriads of different agencies and policies are based upon this general concept. The Grand Jury agrees. For example, the work furlough program by which prisoners are able to work five days a week spending their evenings and weekends in jail costs the Sheriff's department \$3 per day per prisoner; the cost of maintaining a prisoner not on the work furlough program is \$5 per day per prisoner, and in the work furlough program, the prisoner himself has to pay the \$3. Prisons are a social luxury: free private rooms, private plumbing, individually-served meals, clothing, heat, shelter, medical care, medicine and drugs, education and even employment. If it were not such a difficult experience because of the dangers from fellow prisoners and man's inherent desire for freedom, prison is an opportunity to let the state take complete care of you.

This is expensive and wasteful and creates feelings of tension and hatred within the society and within the individual prisoners.

Rehabilitation often conjures visions of spending large sums of money for incorrigible prisoners who merely take advantage of good attitudes, both in prison and out. Obviously there are many criminals like that for which such efforts are a waste of time. But to the extent that jobs alone, for example, can be found for prisoners, the savings to the state in welfare and further prison sentences, as well as the possible harm to citizens from robberies, burglaries, etc., is tremendous. For example, the rehabilitation division of the Sheriff's department, as small and insignificant as it is claims an



SHERIFF'S DEPARTMENT (continued)

annual savings of \$958,750 to taxpayers. The Grand Jury is unable to verify these figures, but is sure that the general concept and approach is correct, and calls upon the Board of Supervisors, the Sheriff, and other agencies to cooperate with renewed efforts to enhance the rehabilitation, education and vocational training programs in the county jails. We utterly reject the suggestion of previous grand juries that prisoners at San Bruno are there too short a time to benefit from such programs.

We thank those volunteers and part time personnel who gave so much for so little in an attempt to provide help and support for those prisoners trying to improve their chances of participating in the benefits and obligations of good citizenship.

Roger Boas

Charles R. Breyer

Alan H. Nichols, Chairman

## SAN FRANCISCO FIRE DEPARTMENT

The San Francisco Fire Department will remember the current fiscal year for the changes it brought, changes which largely resulted from direct action by the citizen at the ballot box. Charter amendments affecting the composition of the Fire Commission, the working hours for the firemen and their salaries and wages, were confirmed by the voters just before a new Mayor took office.

Mayor Moscone's new Commission selected Andrew C. Casper, a veteran San Francisco fireman, to succeed the retiring Fire Chief Keith Calden.

Prior to these changes the Board of Supervisors overrode a veto by former Mayor Alioto of their action to rescind the 1974 "memorandum of agreement" by which the Fire Fighter's Union had been granted standing to negotiate with the City for their members on non-wage matters.

Adding to the impact of the aforementioned developments was the freeze imposed by the Board of Supervisors on new employments. This condition was attenuated by the fact that many of the fireman indicated the mood if not the intention to retire rather than continue working under the terms of the Charter Amendments - Propositions P & Q.

(Proposition P sets a complicated formula for adjusting salaries on the basis of an average level of that paid in certain California cities. Proposition Q produces a new and more frequent duty formula. Both Propositions have been challenged at law and the Attorney General has recently cleared the way for the City to undertake the defense in this litigation.)

The delays in holding Civil Service examinations further postponing the appointment of new firemen has intensified manpower shortages which became apparent last fall. Further, the practice of making a lump-sum payment for sick leave due to those who retire delays the filling of the vacated position until the period in which the monies would be paid has elapsed. Finally, the failure of the Board of Supervisors to fund positions vacated due to attrition completes the rationale for the manpower shortage in the Department.

To adjust to these new levels of manpower the Chief will recommend that two, possibly three, companies be eliminated. It is certain that the Salvage Company will be discontinued. San Francisco has been one of but a few cities staffing a Salvage Company. In the future all salvage equipment will be part of the regular equipment of the fire fighting engines. The Yerba Buena Center Company will also be closed. If these two adjustments fail to provide the proper staffing balance for the remaining companies, then a third company will



SAN FRANCISCO FIRE DEPARTMENT (continued)

be eliminated.

Personnel administration in the Department reports the statistics showing disability leaves on the increase. Attention is also called to the fact that the manpower shortage has increased the overtime hours served and these must be compensated either by compensatory time or straight time pay. The figure of one million dollars for such service being due, was given.

The rate of retirement from the Department stands at two per day, indicating that by June 30, 1977, some 400 firemen will need replacements. In this fiscal year between 158 and 182 retirements have been processed.

As the Civil Service Commission recruits for firemen the Department's affirmative action program will provide a new mix in the staffing of the companies. The new height and weight standards and the eligibility of women account for these changes. It remains to be seen what impact these differences may have on the team work among the firemen and upon rescue operations.

Among the new policies introduced by Chief Casper deserving of mention here is the requirement that a Deputy Chief and Battalion Chief be on duty at all working fires requiring a second alarm. After the put-out all such fires will be inspected by the ranking officers.

Accidents involving fire-fighting equipment will be examined by a five-man review board. Special training for drivers and tillermen will be provided as an outcome of some of the recent mishaps in traffic.

The costly nuisance resulting from false alarms continues to plague the Department. Study of the location and frequency of such alarms indicates definite pockets in certain areas where the frequency is highest. It is in these areas particularly that the practice of "scouting" has proved effective in reducing the number of responses.

In accordance with a recent ordinance and in the interest of pollution control the City now contracts with private parties to do the controlled grass burning which the Department oversees. Some 1600 fires fall in this category each year.

The training of firemen, especially the programs for supervisory development now employs the modern techniques of simulation. This is a particular importance in preparing for fire in high rise buildings. (San Francisco's high rise buildings provide 75% of the total in the State and the third highest density in the nation.)

It is much too soon to make an evaluation of the new administration of the Department. The appearance of women on the



## SAN FRANCISCO FIRE DEPARTMENT (continued)

Commission and in the stations marks a significant break with tradition. The diminished budget and staff creates an anxiety about the readiness of the Department if it is faced with a major disaster, particularly in light of the earthquake potential. More equipment was provided the Department in 1975 and more is asked for in the proposed budget for 1976-1977.

There is an irony in all that has happened to the Fire Department in this fiscal year. True, reduced expenditures were inevitable in the face of inflation and the demand for municipal solvency. Nevertheless the savings in the tax rate may well be offset by the increase in fire insurance premiums as the underwriters assess the resulting increased exposure due to the reduction in force and the new force of 1976.

The Civil Grand Jury therefore calls attention to the "new look" in the Department, the problems resulting from the strike, new wage scales, new schedules and new recruits and fewer dollars and personnel with which to operate which will best be appraised and evaluated by the 1976-1977 Civil Grand Jury.

## AIRPORTS COMMISSION

The Airports Commission completed another year under relentless attack on several fronts: from opponents of expansion, from the environmental protection groups, from the independent cab firms, from fiscal experts concerned with possible defaults on revenue bonds, from the airlines who resent the establishment of a sinking fund for the payment of outstanding general obligation bonds, from the passengers contending with parking problems, from San Mateo County officials who seek to exercise jurisdiction in police, fire and safety matters, and from the Board of Supervisors demanding a greater contribution to the General Fund from Airport Revenues. The one attack it was unable to parry focused upon the all too obvious conflict of interest of Commissioner Joseph P. Mazzola.

The financing of the completion of the north terminal complex and ground transportation center by the sale of revenue bonds was perhaps the subject of the most heated controversy. A taxpayer's suit blocked the intended sale until late February. When the way was cleared, early in March, the bonds were quickly sold to the sole bidder. The bonds were rated A/A-1, the highest of any airport and carry an interest rate of 7.37 per cent. This means that during the 30 year term of the bonds, the interest will exceed the amount of the loan (\$143.4 million) by \$93.6 million dollars. On March 2nd, the Commission awarded a \$19.4 million contract to the E. P. Lathrop Construction Company of Emeryville to complete the final stages of the three story North Terminal Building.

## AIRPORTS COMMISSION (continued)

To date, the Supervisors and the Mayor have appropriated \$155 million without endorsing the Commission's proposed \$469 million airport expansion venture first proposed in 1975. Expert opinion from the Controller or from budget experts in the Board of Supervisors or the Mayor's Office, on the feasibility of investing another \$314 million in the development of the airport is not at hand. Obviously any such spending program is based on the Commission's optimism that there will never be an airport operating deficit.

It should be noted that the present Civil Grand Jury, early in the term, asked for delay on all revenue bond proposals until it could investigate the methods, costs and implications of the City's bonded indebtedness. Obviously the Board of Supervisors should regain control of the 1967 bond issue not now expended so that the full program may be reviewed. As it is now, even if the Mayor opposes expansion, as he says he does, he is left with very few options, and those will vanish if the Airports Commission spends all the funds.

It appears that the number of airlines renting space at the Airport (23) will not increase. In the period March 1, 1975 to February 29, 1976, 17.8 million passengers were handled, the last nine months of this period being record months. Obviously there has been an unpredicted increase in pleasure-oriented travel. Crowding will continue until the completion of the North Terminal when the facilities should accomodate 24 million passengers.

That the Airport must perforce reach a state of zero growth seems obvious. There is no land available for new facilities. Until and unless rapid transit to the Airport is made available, parking congestion will not be fully alleviated.

The continuing problem of sound abatement is partly being met by the noise monitoring system which became operative this year. Some thirteen remote microphones record the noise level in the various flight patterns thus helping to at least locate the most serious problems. If the airlines can find enough money to pay the huge sums involved, the next four or five years should bring a quieter, more efficient plane for short to medium runs. Replacement of the noisy 707's, DC 8's and 727's is in sight at Boeing and McDonnell Douglas.

Safety demands that the private planes, even corporate jets, be diverted to other nearby airports, viz., San Carlos.

Future remodeling plans must certainly include the present customs and immigration facilities.

It is unlikely that the dispute between the independent cab firms will be settled out of court. At present there is on file a suit praying \$2,500,000 in damages from the Airports Commission and the Yellow Cab Company. The court is asked to sustain the complaint that the exclusive contract given one company (Yellow Cab Co.)



## AIRPORTS COMMISSION (continued)

violates the constitutional rights of the independents. The Commission will argue that it is common practice to so contract in order to provide maximum control over the quality of taxi service.

One final observation, all four lawsuits filed against the Airports Commission since 1973 have been resolved in its favor.

Mention should be made of at least one personality - Susan Smith of "San Francisco Tomorrow." Her faithful monitoring of the Commission meetings and hearings, the Finance Committee and Ad Hoc committees of the Board of Supervisors, helps to keep a steady glare of publicity on the actions of the staff and the Airport's Commission. With her help and the help of an alert Board of Supervisors and public perhaps there will be income from the airport operation to the City's General Fund over and above the return of the City's loan, in the next ten years.

On May 17 a resolution drawn up by a special committee on the matter of airport expansion composed of Supervisors Kopp, Feinstein, and Gonzales, was presented for first reading. It presented the Airports Commission with two alternatives: stop expansion or limit growth to match revenue. It has the backing of "San Francisco Tomorrow," Consumer Advocates and neighborhood groups and, indeed of this Civil Grand Jury.

## EMERGENCY SERVICES

The Office of Emergency Services plans, prepares for, and conducts operations in order to accomplish the following objectives:

- 1) Save lives and protect property.
- 2) Repair and restore essential systems and services.
- 3) Provide a basis for direction and control of emergency operations.
- 4) Provide for the protection, use, and distribution of remaining resources.
- 5) Provide for continuity of government.
- 6) Coordinate operations with the emergency service organizations of other jurisdictions.

San Francisco City and County will respond to the following types of emergency situations:

- |                      |                               |
|----------------------|-------------------------------|
| 1) War               | 6) Epidemic                   |
| 2) Earthquake        | 7) Storm                      |
| 3) Fire              | 8) Air pollution              |
| 4) Flood             | 9) Oil and Hazardous material |
| 5) Civil disturbance | spill                         |



## EMERGENCY SERVICES (continued)

The Emergency Services meets regularly with the members of the Red Cross, Fire and Police Departments, Public Health, Department of Electricity, Telephone Company, PG&E, in order to establish cooperation within this very important Committee.

The request by Edward P. Joyce, Director of Emergency Services pro-tem, for monies for a feasibility study of the proposed multi-purpose underground Emergency Operating Center to house Police, Fire and Emergency communications was again stricken from the budget. It is estimated that such a center would require \$3 1/2 million, monies to be funded by a general obligation bond issue.

Fiscal stringency had further impact on the budget of this agency, e.g., 3 positions frozen (2 clerks and a medical coordinator), 2 firemen assigned from the Fire Department withdrawn and all requested additional radio equipment was deleted.

The Civil Grand Jury observes that an emergency situation not listed in the nine enumerated above was the sabotage committed on the water supply during the recent strike of craft employees. It was the Emergency Services that set in motion the mutual aid plan which made the water tankers available when the water pressure in the Park-Presidio district fell so low. Mr. Joyce and his men found a new awareness at City Hall of the function and need for their services. Unfortunately this and other participation was not mentioned in the press.

Those who recall the first black out effort in San Francisco shortly after Pearl Harbor will remember what a fiasco it was. Even more memorable next day was the reply by Mayor Angelo Rossi to the criticism of the black out effort - "No Bombs Fell". That same rationale seems to pervade the thinking of the Mayor and Supervisors and the people when dealing with the kind of preparedness we will wish we had when there is a slip in the San Andreas fault.

Mrs. Clarissa McMahon

Alan A. Rosenbaum

Lloyd D. Luckmann, Chairman

SPECIAL REPORT ON LOG CABIN RANCH VOCATIONAL  
AND GUIDANCE PROGRAM 1974 - 1975

I. INTRODUCTION

This report focuses on mismanagement in the use of \$270,000 in public funds in connection with a vocational training program that was carried out between 1974 and 1975 by Teledyne Economic Development Corporation at the Log Cabin Ranch facility operated by the San Francisco Juvenile Probation Department. Readers of this report should understand that criticisms of this project are not intended to be criticisms of the concept of vocational training in general. It is clear that the youth of San Francisco need vocational training, but it is equally clear that they deserve far better than they got under the contract described in this report.

II. FACTS

In 1972, the San Francisco Juvenile Probation Department submitted an application for federal funds to the California Council of Criminal Justice, a statewide agency responsible for administration of federal funds pursuant to the Safe Streets Act of 1968. The application sought approximately \$200,000 for a program of vocational and educational guidance, focusing on vocational training and placement, to be implemented at the Probation Department's Log Cabin Ranch, located near the town of La Honda in San Mateo County. This ranch is used as a regular placement facility by the Juvenile Court for wards of the Court between 16 and 18 years old. The vocational training program was originally designed in the grant application to teach boys vocational skills in the following areas: warehousing, small appliance repair, blueprint reading, and food service. In April, 1973, the original grant application was amended so as to include "in-depth training program in new treatment techniques to all staff". This training program was to include "lectures by community personnel".

This amended grant application was funded by the California Council of Criminal Justice in late 1973 and the San Francisco Juvenile Probation Department entered into a contract with the Teledyne Economic Development Corporation to implement the vocational training, counseling, and placement program. Teledyne Economic Development Corporation is a subsidiary of Teledyne Corporation, a large conglomerate. Teledyne Economic Development (TED) is based in Los Angeles and has contracted with the Federal Government to operate various Job Corps centers throughout the United States.

In late 1973, Teledyne's design of the job training program was changed so that boys at the Ranch would not be taught warehousing, small appliance repair, or blueprint reading, as specified in the original grant application, because these subject matters were thought



## LOG CABIN RANCH (continued)

to be too complex for the level of education generally found among boys at Log Cabin Ranch and also because employment prospects in these areas appeared dim. Therefore, when the program started in January 1974, job training was to focus on the following programs:

1. Bicycle repair;
2. Culinary arts;
3. Building maintenance;
4. Sign painting.

In addition to these specific areas of vocational training, Teledyne assigned one staff member to vocational counseling and orientation to Log Cabin Ranch and another staff member to placement of boys graduating from the Ranch. Although the initial intent of the grant was to place boys in jobs where possible, the program was adapted so that the staff person responsible for placement would attempt to get boys from Log Cabin Ranch into the public school system or into alternative school systems where possible.

From the outset, each of the components of the Teledyne job training program ran into substantial problems. The original grant application had included a sum of \$14,000 to purchase mobil trailers to use as classrooms for the Teledyne program. Shortly before the program started in January, 1974, a mutual decision was made by Teledyne and the Probation Department to build permanent classrooms on the premises of Log Cabin Ranch so as to save the amount of grant funds otherwise allocated to mobil trailers. However, classroom space was not actually built until September 7, 1974 and, during the first nine months of the year, the Teledyne vocational programs operated in makeshift quarters. For example, the bicycle repair program began operations in an abandoned barn, subsequently condemned, and the program was forced to abandon the barn after several months when a nasty hive of bees drove everyone from the premises. Other problems, more peculiar to the various components of the program, were as follows:

1. Bicycle Repair. The program of bicycle repairing was designed by Teledyne during the gas shortage of 1973. Apparently, Teledyne was informed by bicycle manufacturers that there would be a boom in bicycle sales and that jobs for bicycle mechanics would be available. Teledyne obtained bicycle parts for their program from the local police department. However, the bicycle repair component disintegrated and was eventually discontinued in mid 1974 for the following reasons:

- (a) The gas shortage ended and there was not the anticipated need for bicycle mechanics;



## LOG CABIN RANCH (continued)

(b) The program had difficulty obtaining bicycle parts sufficient for training from the police;

(c) Teledyne had not investigated the peculiar nature of the bicycle repair market in San Francisco. Presuming that there would be little difference in the bicycle repair market between Los Angeles and San Francisco, Teledyne failed to perceive that bicycles in the San Francisco Bay Area are generally repaired at small bicycle shops owned by families who have little need for Log Cabin Ranch graduates.

For the foregoing reasons, no boy from Log Cabin Ranch got a job repairing bicycles. In general, this component of the Teledyne program was treated as a joke by boys at the Ranch.

2. Culinary Arts. The "culinary arts" component was designed to teach boys rudimentary skills necessary to enable them to get jobs in restaurants and fast food enterprises. However, not surprisingly, the culinary arts program required the cooperation of the cooks at Log Cabin Ranch. The cooks at the Ranch, who felt that job training was generally beneath the dignity of their job, refused to cooperate with the Teledyne program. For example, until late 1974, boys were not allowed to go behind the cafeteria counter in the area of the stoves. Teledyne has indicated that cooperation with the cooks improved in late 1974. However, a Teledyne progress report of March 28, 1975 indicates that, even after more than a year of experimentation with the program, Teledyne was still experiencing problems with the cooks at the Ranch.

In a curious attempt to remedy the problem, in early 1975, Teledyne made staff reassignments so that the Teledyne staff member who had been teaching sign painting was then assigned to run the culinary arts program. Teledyne representatives explained that the sign painter was a jack-of-all-trades who possessed an unusual proficiency in nearly everything he attempted to do.

The culinary arts component of the job training program was terminated on June 27, 1975, prior to the end of the Teledyne contract.

3. Building Maintenance. Building maintenance attempted to teach boys rudimentary skills associated with carpentry and home repairs, including skills necessary to obtain work as janitorial employees. It is clear that the purpose of this program was subverted during the contract period so that boys participating in the building maintenance program were used to perform whatever menial tasks needed to be performed at the Ranch without regard for serious vocational development. Nonetheless, the building maintenance component of the job training program is the only component that survived from the beginning of the Teledyne contract to the end of the contract. All other original components of the job training program were eventually abandoned prior to the end of the contract period.

## LOG CABIN RANCH (continued)

4. Sign Painting. Under the direction of a Teledyne staff member, boys were encouraged to paint signs, posters and to make works of art. One boy received a scholarship to the San Francisco Academy of Art. However, no other boys were placed in jobs related to this component of the job training program. It is evident that, whereas the sign painting project may have performed a worthwhile therapeutic function at Log Cabin Ranch, it was not a serious vocational program and it did not even attempt to fulfill the basic objectives of the original grant which were to help boys at the Ranch obtain employment.

From the outset of the program, significant friction, tension and competition existed between civil service probation staff and Teledyne representatives. The Chief Juvenile Probation Officer established a Teledyne project advisory committee in May, 1974, apparently in an attempt to alleviate problems between his own department and the Teledyne staff. The advisory committee met once on May 24, 1974 at a time when both the bicycle repair program and the culinary arts program were in serious confusion. Nonetheless, the minutes of the meeting of May 24, 1974 fail to disclose any serious discussion between the Probation Department and Teledyne with respect to problems that were making the Teledyne programs dysfunctional, e.g. the fact that civil service cooks were preventing the "culinary arts" program from functioning.

In September or October, 1974, representatives from the Community Streetwork Center, a community-based organization in San Francisco, met with representatives of the Juvenile Probation Department and Teledyne. At the time, Teledyne had assigned one full time staff person to attempt to place graduates of Log Cabin Ranch in school or in jobs in San Francisco. Representatives of Community Streetwork Center demanded that they assume the placement function. This demand was resisted by Teledyne. However, the Juvenile Probation Department put pressure on Teledyne to add to its program, as a full time staff "vocational instructor", a representative of Community Streetwork Center. The so-called "vocational instructor", although technically an employee of Teledyne, was permitted to remain at the Community Streetwork Center and it was agreed that he would counsel only boys who voluntarily showed up at the Community Streetwork Center for counseling. This "vocational instructor" was on the Teledyne payroll, and a monthly salary of \$1,038 per month, between October 1, 1974 and December 31, 1974, the end of the first year of the grant contract. According to the Probation Department, the "vocational instructor" was to be supervised by Teledyne. In fact, Teledyne did not supervise this person and neither Teledyne nor the Juvenile Probation Department is able to document any work that was done by this "vocational instructor".

On October 22, 1974, the Law Enforcement Assistance Administration apparently inquired of the Mayor's Criminal Justice Council as to the progress of the Teledyne contract. The Mayor's Council made inquiry of the Juvenile Probation Department, and, on October 30, 1974,



## LOG CABIN RANCH (continued)

at a time when Teledyne programs at the Ranch were obviously confused and failing, the business manager of the Juvenile Probation Department responded to the Mayor's Criminal Justice Council as follows: "Although we were unable to start the project because of contract problems for a 6-month period, it is now fully implemented. We are very much satisfied with its progress."

Toward the end of 1974, Teledyne attempted to institute a program of drapery installation and floor covering. This program was subsequently terminated April 18, 1975, after it was found that that component of the program was also a failure.

Even though the Teledyne year-end report, written by Teledyne staff, is obviously self-serving, it characterized the first grant year as follows:

"This first year has been one of preparation, development, trial and discard, experiment, and retrial. Many difficulties were encountered during these first twelve months such as: lack of facilities, staff problems, coordination of efforts between ranch, S.F.U.S.D. and T.E.D., the demonstration in late May, and a mutual understanding of goals and objectives."

By the end of 1974, Teledyne had received \$163,767 for its job training program. Its own report indicates on its face that it had placed only 26 boys in full time jobs during the year. In actuality, this figure over-represents the number of boys placed in private employment, because Teledyne included jobs funded by the Neighborhood Youth Corps (another federal agency) in its definition of job placements.

On December 19, 1975, the Chief Juvenile Probation Officer submitted a request to the California Council on Criminal Justice for continuation of the Teledyne project for a second year. The objectives of the second-year project, which sought \$111,000 in taxpayers' money, were as follows:

"The basic objectives of this project are to provide additional rehabilitative tools to assist wards committed to the Ranch. It is expected that this project will decrease the number of graduates who re-enter the justice system by providing them with: skills to enter the labor market or to continue their education; adequate counseling to insure satisfactory adjustment in the urban community. The decrease expected is 5%."



LOG CABIN RANCH (continued)

The grant request was funded by the California Council on Criminal Justice for 1975. However, facing a cutback in funds from the level of funding obtained during 1974, Teledyne adjusted the program so that it would terminate at the end of August, 1975, rather than in December, 1975. During the spring of 1975, the culinary arts program, the drapery installation and floor covering program, and the sign painting program were all terminated.

Also, in the spring of 1975, Teledyne invented a new component entitled "Horticulture". It is not clear whether the "Horticulture" program ever had any intentions of training boys at Log Cabin Ranch to get a job of any kind. It does appear, however, that, under the direction of Teledyne Economic Development Corporation, boys at Log Cabin Ranch were able to produce a garden which was subsequently eaten by deer and other animals.

On May 5, 1975, shortly after most major components of the Teledyne program had been terminated, and in response to suggestions of the Office of Criminal Justice Planning to the effect that the Teledyne grant should be terminated altogether in mid 1975, Mr. Botka wrote to the Office of Criminal Justice Planning in Sacramento as follows:

"It is our feeling and desire that the project should not be terminated on June 30, but should continue to the end of the current year. Termination of the middle of the calendar year would cause serious disruption in a highly successful and visible program that has made it possible for youth to secure employment upon graduation from Log Cabin Ranch."

Funds for the Teledyne project eventually ran out August 29, 1975.

In summary, during 1974 and 1975, Teledyne Economic Development Corporation was paid a total of \$271,641 of public funds. During the same time, according to Teledyne's own statistics, 31 boys at Log Cabin Ranch were placed in full time jobs.

Representative of Teledyne emphasize that, in their opinion, the real purpose of the Log Cabin Ranch project was not to find jobs for boys. Rather, Teledyne suggests that a more fundamental and long lasting purpose of the program was to change attitudes of the boys with respect to the need to work in contemporary society. Of course, there are no measurable indices of whether the program produced that result or not.

On September 22, 1975, the director of the Teledyne project wrote to Mr. Botka a lengthy letter setting forth Teledyne's criticisms and suggestions with respect to the job training program.

## LOG CABIN RANCH (continued)

This letter was edited by the Juvenile Probation Department so as to delete many unfavorable criticisms of the program. The contents of the letter, after editing, were submitted by the Juvenile Probation Department to the California Council of Criminal Justice in the form of a summary report on the success of the Log Cabin vocational training project.

On April 12, 1976, the Juvenile Probation Department submitted yet another application for federal funds for a vocational and guidance program. The application deletes the services of Teledyne Economic Development Corporation and proposes that a community vocational and educational program be run by the Juvenile Probation Department itself. According to the grant proposal boys enrolled in the project would be trained in, among other things, the "culinary arts". Staff of the California Council on Criminal Justice has recommended a "do not fund" on the project.

### III. CRITICISMS

A. The Grand Jury makes the following criticisms of the performance of the San Francisco Juvenile Probation Department:

1. Teledyne Did Not Get High Level Administrative Support Necessary to Make Their Program Work.

If the Teledyne program ever had a chance for success, that chance was sabotaged by the Juvenile Probation Department when the Department failed to provide high level administrative support necessary to make the Teledyne program work. For example, it is absurd that the culinary arts program essentially failed because the program could never get the cooperation of civil service cooks employed at Log Cabin Ranch. Similarly, the fact that the program operated for seven months (at over \$13,000 per month) in makeshift quarters without having usable space available for programs is a sad comment on the inability of the Juvenile Probation Department to deliver fundamental tools needed by Teledyne to make their program work. All in all, it appears that the civil service administration at Log Cabin Ranch was both jealous of and threatened by the Teledyne project, and the ranch administration therefore refused to provide the cooperation necessary to make the program work. There is little indication that the Chief Juvenile Probation Officer took a personal interest in the enormous problems of lack of cooperation inherent in the Teledyne program, except for his establishment of the Teledyne project advisory committee--a committee that, like many bureaucratic committees, existed more on paper than elsewhere.

2. There Was Insufficient Planning for the Initiation of the Program.

Both the Juvenile Probation Department and Teledyne Corporation must share responsibility for an almost total lack of planning for the initiation of this program in January, 1974. All in all, the Teledyne project is symptomatic of a recurring disease in contemporary



## LOG CABIN RANCH (continued)

bureaucracy. Obtaining a federal grant becomes an end in itself because of the prestige of the grant; actual implementation or performance of the grant becomes a secondary consideration. It is our sincere impression that the administration of the Juvenile Probation Department actually spent more time and energy in recruiting these grant funds than in seeing to it that the funds were properly administered after the grant was awarded to the Department.

### 3. The Juvenile Probation Department Submitted Misleading Reports to Other Governmental Agencies with Respect to the Performance of the Program.

In October, 1974, at a time of high staff and program turnover, the Department reported to the Mayor's Criminal Justice Council that the Department was "very much satisfied" with the progress of the program. In May, 1975, after most major components of the job training program had been dismembered, the Chief Juvenile Probation Officer wrote to the Office of Criminal Justice Planning and described the Teledyne program as a "highly successful and viable program that has made it possible for youth to secure employment upon graduation from Log Cabin Ranch." When high level administrators of the Juvenile Probation Department submitted these glowing recommendations to other governmental agencies, the administrators were either wholly unaware of the confused status of the Teledyne project--a confusion that was evident to virtually everybody at Log Cabin Ranch--or else these administrators knowingly submitted misleading reports in order to preserve existing grant funds or to obtain extensions of grant funds.

Finally, after termination of the program, the Department submitted a closing evaluation to the California Council on Criminal Justice that deleted and omitted reference to significant problems in the program that had been forwarded to the Department in a report by Teledyne.

These reports by the Juvenile Probation Department are yet another unfortunate example of a tendency of units of local government to acquire and retain federal grant monies by any means necessary.

### 4. The Probation Department Yielded to Demands for Project Jobs by a Community-based Organization without Insuring That Any Work Would Be Done by the Staff Person So Employed.

A representative of the Community Streetwork Center was employed on the Teledyne contract at a rate of \$1,038 per month between October, 1974 and January, 1975 in response to demands of the Community Streetwork Center. Of course, there is nothing wrong with employing representatives of community-based groups in job training programs. Indeed, that sort of community involvement should be encouraged,



## LOG CABIN RANCH (continued)

wherever possible. Nonetheless, taxpayers have a right to ask that community groups receiving tax dollars be accountable. In the instant case, the Juvenile Probation Department agreed to hire a representative of a community-based group on the Teledyne project without any accountability for his job performance whatsoever. Accordingly, it is virtually impossible to verify whether the representative of the Community Streetwork Center did any work or not.

B. The Grand Jury makes the following criticisms of Teledyne Economic Development Corporation:

1. The Design of the Job Training Program Was Superficial and Haphazard.

The history of the bicycle repair program is indicative of the superficial planning given this project by Teledyne Economic Development Corporation. Indeed, the fluidity of change in job training programs at the Ranch demonstrates that Teledyne never had a well organized conception of what they wanted to do in their Log Cabin Ranch program. At one juncture, they thought they would try an upholstery project. Then, they attempted drapery repair. Thereafter, they attempted carpet laying. At the same time, their so-called building maintenance program had no central focus on job skills but was rather being used as a convenient source of labor for whatever simple tasks and projects needed to be performed at the Ranch. Teledyne Economic Development Corporation was apparently selected as the contractor on this project because of prior experience in job training with low income youth. However, if Teledyne possessed any expertise in the area of job training, they did not bring much of it to Log Cabin Ranch. In short, it is questionable whether the taxpayers needed to contract with a large conglomerate corporation in order to achieve the kind of job training program that is characterized by the following excerpt from the final report of Teledyne Corporation:

"I. Horticulture

The sun shade picnic area and barbecue firepit as well as the greenhouse structure was completed and is ready for use. The garden area was decimated by the deer, rabbits and gophers that abound in this ranch area."

2. Teledyne's Staff Recruitment Was Insufficient.

Teledyne did not bring an expert job training staff to Log Cabin Ranch. Rather, Teledyne brought a couple of key administrators and hired the rest of its staff in the local La Honda region. Not surprisingly, this policy of local staff hiring appeared to produce staff people who liked living in the woods near La Honda and relatively few staff people who were truly expert in the urban job training field. It is illustrative of this casual attitude toward the hiring of staff

## LOG CABIN RANCH (continued)

that, in early 1975, Teledyne staff member handling the sign painting component of the program was assigned to head the cooking component of the program.

### 3. A Commendation for Teledyne.

Unlike the Juvenile Probation Department, Teledyne's reporting on its own program has been uniformly honest. This Jury has found no instances of misrepresentation by Teledyne as to the nature of its program or as to amounts of money expended by it. Teledyne did not try to conceal problems in its program. These problems were openly reported monthly to the administration of the Juvenile Probation Department, and Teledyne made earnest attempts to try to correct the deficiencies in its own program. When interviewed by a committee of this Grand Jury, Teledyne's representatives were forthright and candid about problems in their program.

## IV. RECOMMENDATIONS

1. The Judges of the Superior Court Must Determine Whether the Current Administration of the Juvenile Probation Department Is Capable of Doing Its Job Effectively.

The Grand Jury did not on its own motion initiate its investigation of the Log Cabin Ranch Vocational and Guidance Program, nor was the Grand Jury requested to investigate the program by any public agencies. Rather, the Grand Jury was asked to make its investigation by boys who had been through the program at Log Cabin Ranch and by community groups who work with youth in the City.

Anyone who works with youth knows that, although many teenagers in the City cannot read or write or do algebra, our youth know the difference between truth and lies better than the rest of us. This is not to say that the City's youth act honestly since we have enormous continuing problems with serious and violent juvenile crime. It is simply to say that youth are particularly good at smelling out hypocrisy.

It should be obvious that the system of juvenile justice cannot ask youth to live truthfully unless it itself does. The Juvenile Probation Department is the agency of our City government with responsibility to deal directly with youth in trouble. We leave it to the judges of the Superior Court (who have immediate supervision over the Juvenile Probation Department) to determine whether the present administration of the Department can continue to do its job effectively or whether that administration has compromised itself beyond repair. We do know, however, that the judges should seriously ask the question.



## LOG CABIN RANCH (continued)

2. The San Francisco Unified School District Must Provide Follow-up Remedial Education Classes in the City for Boys Returning from Log Cabin Ranch and Hidden Valley Ranch.

Although a subsequent report will concern itself in more detail with the day-to-day administration of the ranches, suffice it to say that many boys at these ranches, and particularly at Log Cabin Ranch, are very tough indeed. In a sense, Log Cabin Ranch can be seen as the last stop on the train to the adult system of justice.

We know that we pay an enormous price for adult crime. We pay a psychological price because our sense of community is destroyed by the fear that crime causes, and we pay a dollar price for the myriad agencies of adult criminal justice that attempt, without much success, to stop adult crime.

There are some causes of juvenile crime about which we can do little. However, everyone knows that there is a direct correlation between a lack of basic educational skills and crime. And there is some question as to the viability of job training programs for youth who cannot read or write or perform basic math. For example, one reason that Teledyne's carpet-laying training project was discontinued was that boys in the program were unable to use elementary fractions necessary to measure the carpet.

The San Francisco Unified School District operates an intensive remedial education program at the ranches, and boys at the ranches are required to be in classes about six hours per day. The teachers in these programs are unquestionably dedicated, and, in trying to improve basic educational skills of teenagers who read at a second-grade level on the average, these teachers face perhaps the most difficult challenge in public education. We are also convinced that the educational programs at the ranches are able to demonstrate measurable progress in remedial educational skills. For example, testing shows that students at the ranches generally progress three times as fast as average second or third grade students in public schools.

It is an absurd tragedy that, upon completion of their term at the ranches, boys are sent back to the City and often find it difficult to enroll in any public school programs whatsoever. Indeed, it is a remarkable indictment of the system that the Teledyne staff member responsible for placement spent most of his time trying to get Log Cabin graduates into public schools that didn't want them. Even when a boy is allowed back in the public schools, it is not uncommon for him to be unable to take any courses in reading or writing. Particularly if a boy returns to the City in the middle of a semester, it will be common for him to have to take whatever courses are available at the time without any consideration of his educational needs.



## LOG CABIN RANCH (continued)

In short, more often than not, a boy's remedial education in reading, writing and math ends when he leaves Log Cabin Ranch. There are no educational follow-up courses available. This is simply crazy.

The San Francisco Unified School District must establish remedial educational classes in the City for youth in trouble. Whereas the taxpayers may not be willing to spend money to train tough kids to repair bicycles or grow gardens, we believe that the taxpayers are willing to spend money on teaching basic educational skills to youth who are almost surely destined to spend much of their lives in our Hall of Justice if they reach adulthood without being able to read or write--particularly where educational programs, such as those at the ranches, are able to demonstrate concrete, measurable gains in educational improvement.

### 3. The Automobile Repair Program at Log Cabin Ranch Must Be Expanded.

The San Francisco Unified School District has run an automobile repair shop at Log Cabin Ranch for many years. The Shell Oil Company has lent its support to this program by donating tools and equipment, by allowing graduates of the program to get a Shell certificate of completion of the program, and by hiring a number of graduates of the program. Inspection of the program, and interviews with boys enrolled in the program confirm that it is excellent. The program now has only one teacher, and there is a long waiting list of boys who want to learn auto mechanic skills and who have the necessary educational skills to succeed in the program. Because most shop equipment is available on the premises, it appears that the addition of another instructor could make it possible for twice as many boys to complete the program without additional outlays for equipment. This program has proved itself, and it should be expanded.

Harold J. Bentson

Gordon Chin

Richard M. Sims, III, Chairman

## BOARD OF SUPERVISORS

The Board is comprised of eleven elected representatives who each serve four year terms. Every two years an election for supervisors takes place to fill the five or six seats of those supervisors whose terms have expired. Supervisors are elected based upon the highest vote received whether or not it represents a majority of the votes cast.

From time to time, charter amendments have been proposed to change the office of supervisor from what is now and has been for many years a part-time position into a full time elected position. The experience of many years dictates that this suggestion would not be helpful to San Francisco nor would it provide better representation to the people at large. The fact is that through the years, men and women have served on the Board with particular and unique talents without being required to give up their own trade, business, profession or occupation. In our opinion, this has resulted in a more talented and representative Board of Supervisors than would be the case if the Board members became full time employees of the City and County. A strong argument in favor of continuing the present system as opposed to full time supervisors is the fact that if women or men were elected to the Board full time, it might force them to try to continue their incumbency because of the inability easily and practically to return to their occupations and endeavors as they do now.

The Board's principal responsibility lies in its exclusive jurisdiction of legislation. It necessarily includes the all important responsibility in budgetary and fiscal matters. The Board must approve all of the individual City and County budgets as well as the expenditures of federal and bond funds that come to the City and County.

### Budget Methods

The Grand Jury's examination and review of fiscal matters, which is the subject of another report of this Grand Jury, indicated clearly that the Board of Supervisors jockeyed the tax rate in the year 1975-1976 on the basis of "anticipated surplus" which in our opinion could be the forerunner of municipal bankruptcy. This year (fiscal 1975-1976) was the first time a budget was prepared with the full and complete knowledge of the Board of Supervisors, employing the use of the surplus anticipated but also mortgaged additional funds ("anticipated surplus") that could not be accounted for at that time in fixing the tax rate for the current year. The net result is that the Controller, together with the Mayor's office, has placed a "hold" on the use of funds previously budgeted to various departments in order to try to meet the fiscal needs of the community on a cash basis looking ahead to the year 1976-1977. In all probability the Board will not have any surplus to deal with and there may be a deficit for the



## BOARD OF SUPERVISORS (continued)

previous year that would, in fact, damage the full faith and credit of our future efforts to obtain funding for important bond issues. Testimony before the Grand Jury clearly indicated that the November 1975 elections played an important part in the decisions of certain Supervisors who, in our opinion, knew better, but accepted in place of sound fiscal procedures a method of postponing the inevitable costs without public disclosure.

The increasing use of non-profit corporations to fund public facilities, and the Board of Supervisors' role in monitoring the effect of allowing private corporations to perform tasks of public importance while remaining free from City control is of great concern. Attention is called to the section of this Grand Jury's report that covers non-profit corporations in detail.

The past ten months have been memorable for dramatic confrontations between the Board of Supervisors and City employees -- police and firefighters in August-September; craft unions, supported by Municipal Railway and miscellaneous employees' union officials in April-May. Taken by surprise by the aggressive tactics of the Police Officers Association, lack of support from the City Attorney in serving court orders or temporary restraining orders, and the rapid approach of November elections, the Board was thrown into considerable disarray. This enabled the then-Mayor to invoke the Emergency Provision of the City Charter and to negotiate a financial package approximate to the POA's demands. Subsequent expressions of pain and outrage from the City's taxpayers led to the overwhelming passage in November of propositions that would change the formulas by which City employee's salaries and benefits are set.

All incumbent Supervisors were returned to office. With the voice of the voter loud in their ears, when time came for dealing with proposals by craft (plumbers, electricians, engineers and the like) unions for increases in pay, members of the Board displayed an uncommon unanimity in methods and terms for negotiation. The resulting 38-day strike, characterized by some acrimony and lingering bitterness, was ended only with the selection of a Fact Finding Committee, comprising five supervisors, five union officials and the Mayor.

Recently with little fanfare, the Board of Supervisors directed a request to the Mayor's office seeking a reclassification of the position of Clerk of the Board and Budget Analyst for new titles that necessarily increase each of their respective salaries substantially in addition to requesting additional assistants for the office of the Budget Analyst. In these days of fiscal emergency when every department of government is being instructed to "cut back" and Mayor Moscone has announced and directed that all City budgets must be reduced, it seems obvious to us that the Board should adhere to that same policy in dealing with its own affairs and try to get along as best it can with existing personnel. Reclassification of personnel in



## BOARD OF SUPERVISORS (continued)

order to increase individual executive salaries is a bad example to set for other departments of government.

Earlier this year President of the Board Quentin Kopp strongly criticized the plethora of proposed amendments to the City Charter generated by members of the Board. At the time he made his remarks the proposals numbered 30. Subsequently, the number was reduced. This Committee believes Supervisor Kopp's admonition to be well-taken, and urges him to follow through with his plan to scrutinize Charter proposals coming from the Board, not only for number, but for possible conflict with other sections of the Charter and for ambiguities and clarity of purpose. This Committee has been made aware of the dismay of a large segment of the City's voters when faced with an increasingly long and complicated ballot.

The Grand Jury received a number of complaints from citizens about the discourteous manner in which the public and heads of City departments were treated during the recent hearing before the Finance Committee. Various members of the Grand Jury attended these hearings, confirming the substance of the complaints. There is no excuse for such lack of courtesy or civility on the part of any Supervisor. It is hoped that this conduct will not continue.

The citizens of San Francisco need and deserve a responsive, responsible, well-informed legislative Board if the difficult urban problems are to be wisely dealt with now and in the future.

### RECOMMENDATIONS

1. Elected Supervisors should continue to serve on a part-time basis.
2. Supervisors should reject any future use of "anticipated surplus" in determining the tax rate for any fiscal year.
3. Supervisors should, in cooperation with the Mayor, give top priority to devising a labor negotiating process that will be equitable to taxpayers and workers while avoiding the trauma of the past ten months.
4. Supervisors should abandon their requests to the Mayor to create new titles for existing executive positions in the Board of Supervisors to effect increases in salaries of said executive positions.
5. The Supervisors should abandon their request to the Mayor to add new positions to the office of the Budget Analyst in order to "hold the line" and hopefully reduce expenditures in accordance

## BOARD OF SUPERVISORS (continued)

with the Mayor's announced policy.

6. The public as well as the representatives of City government are entitled to be treated courteously by the Board of Supervisors at all times without exception.
7. The Supervisors should routinely and carefully scrutinize their own charter amendment proposals to eliminate ambiguity, promote clarity, and to reduce the number.
8. The attention of the Supervisors is directed during the budget and other finance deliberations to the report of the Grand Jury on deferred maintenance.

## CALIFORNIA ACADEMY OF SCIENCES

The Academy dates far back in San Francisco's history and brings distinction to our community as the leader in the western part of the country in the field of natural history, museum of science, aquarium and planetarium exhibits and facilities. The Academy continues under the exceedingly able directorship of Dr. George C. Lindsay and his outstanding and talented staff.

During the year the Morrison Planetarium conducted public demonstrations attended by approximately 180,000 people including special student shows in cooperation with both private and public educational facilities in our City. In addition, a sound and light show called Laserium provided a new area of public interest presenting laser beam projection for uniquely brilliant and beautiful color effects. The Exhibits Department's busy year included several temporary exhibits and planning for the presentations that will be developed in the Wattis Hall of Man. The Planetarium presents educational shows in the field of astronomy in an entertaining way. These shows are organized around topics of continuing interest in astronomy--galaxies, types of stars, our sun and moon, the other planets, comets and meteors.

Cowell Hall has some major exhibits; namely, the geophysical globe and the allosaur.

Simson African Hall is a vast and varied continent containing many wildlife regions, or habitats.

Eastwood Hall is devoted to the field of Botany.



## CALIFORNIA ACADEMY OF SCIENCES (continued)

The Academy also has a valuable collection of clocks and watches, which has been a part of the Academy's treasures since 1951.

The Hohfeld Hall of Space Science is devoted to exhibits that explain some of the mysteries of space, and to the planetarium, which brings the wonders of the stars indoors.

Astronomy Hall is immediately visible to any visitor watching the Foucault pendulum which demonstrates the effect of the Earth's rotation. This pendulum was designed and constructed at the Academy, as were the Foucault pendulums now installed at a number of museums both in the United States and abroad. Other exhibits in Astronomy Hall explain the characteristics of the sun, moon, Earth's rotation on its axis and revolution around the sun, the other planets of the solar system, comets, and meteors.

Steinhart Aquarium is among the more exciting areas of the Academy's responsibility because it offers such a wide variety of experience, it houses more than 750 species of fish from all parts of the world. Through the generosity of the Meyer Family Foundation a new Fish Roundabout is nearing completion which will afford the public the opportunity to observe the beauty and habitat of so many of the Aquarium's unique fish life forms in a circular building of beauty and elegance.

The public in ever growing numbers continues to come to the Academy to observe one or more of the areas of its growth and unique exhibits, all of which are made available through the devotion and generosity of the Board of Trustees. They shoulder the tremendous responsibility of providing most of the funds necessary to create unique and beautiful capital improvements like the Wattis Hall of Man and the Fish Roundabout as well as financing the major part of the operating budget over and above the City's contribution (which represents only a small portion). Physical improvements made possible by private contributions and legacies provide a tremendous and valuable asset to the cultural growth and education of our people with little support from the taxpayer as such.

With the exception of the Sunday automobile ban in Golden Gate Park, the Academy continues to grow and provide not only a local but important national cultural focus to our people as well as throngs of visitors who come to our City each year.

The Academy through its Director and staff provided considerable financial detail in support of the need of a larger subsidy from the City and County of San Francisco for the next fiscal year. However, because this Grand Jury Committee is cognizant of the fact that the Mayor and the Board of Supervisors' Finance Committee's announced policy of eliminating jobs and curtailing services is necessary in order to avoid a tremendous tax increase, there seems little point in suggesting that more funds be made available to the



## CALIFORNIA ACADEMY OF SCIENCES (continued)

Academy of a basis of priority.

### THE FINE ARTS MUSEUMS OF SAN FRANCISCO

#### M. H. de YOUNG MEMORIAL MUSEUM

Several years ago, the Boards of Directors and staff of the M. H. de Young Memorial Museum in Golden Gate Park and the Legion of Honor in Lincoln Park were consolidated for the purpose of more efficiently presenting the permanent collections as well as traveling exhibitions of each of the Museums. Under this consolidation, the Fine Arts Museum Society is able to seek friends who provide financial and other support to both the Museums including the Asian Art Museum as a wing to the de Young Museum. As a matter of fact, the Museum attendance continues to increase appreciably. During this past year, primarily because of the famous Archeological Finds of the People's Republic of China exhibited at the Asian Art Museum, total attendance will break all previous records.

Since admission charges have been instituted to defray some of the total costs of operation of the Museums, there appears to be a slight diminution in attendance but as a Grand Jury Committee, we believe that the effect of the admission charges will not materially hamper the growth of attendance or more importantly the growth of the Fine Arts Museum Society.

The Director of the Museum, Ian McKibbin White, enjoys the total responsibility of administering the operation and growth of each of the Museums under the policy directions of its Board of Directors. Here again, without the devotion of the Board members who provide the principal portion of the sums necessary to continue a meaningful policy of acquisitions as well as additional funds necessary to meet the total costs of operation over and above the City's contribution to these non-profit corporations, the taxpayers of our City would be required to make substantial additional monies available in order to guarantee the quality of the Museum that we enjoy today.

The de'Young Museum in Golden Gate Park was at first simply the Fine Arts Building left after the closing of the California Mid-winter International Exposition of 1894. It and the Exposition's surplus funds were entrusted to the newspaper publisher M. H. de Young, who acted as Director-General of the fair, to start a permanent museum.

The Museum's first collections had been exhibits at the Exposition, which were augmented by donations from Mr. de Young and a group of his friends. In the ensuing years, most notably under the directorship of internationally known Dr. Walter Neil, the Museum grew in importance.

## FINE ARTS MUSEUMS (continued)

With an annual attendance of more than 1,000,000, the building contains 100,000 sq. ft. of exhibition area, a library of 20,000 volumes, beautiful garden courts, an auditorium and a thriving art school.

Ranged around the spacious central court is a group of galleries, illustrating the cultures of the Western World from the time of ancient Egypt and Greece to the beginning of the current century. The Roscoe and Margaret Oakes Collection features outstanding examples of the great schools of Dutch, Flemish and British art of the 17th, 18th and 19th centuries, with works by Rembrandt, Rubens, Hals, Van Dyck, Gainsborough, Reynolds and Raeburn.

It is not for its fine collection alone that the de Young Museum is noted, however. Over the years, its programs of exhibitions, publications, lectures, music and films have generated excitement and a well-rounded artistic experience.

The new Americana Galleries which will add more depth in the Museum's ability to properly exhibit meaningful art was anticipated for completion early this year, but it now appears that it will not be completed until sometime in 1977.

Extensive laboratory facilities continue to be utilized under trained experts for the presentation of art using the latest techniques of conservation for each category.

The general public is afforded an opportunity in the field of education through an Art School, lectures, seminars, films and art history courses which provide the general public with a more in-depth understanding of the Museums, the works of art and their goals.

The de Young Memorial Museum through its Director and staff provided considerable financial detail in support of the need of a larger subsidy from the City and County of San Francisco for the next fiscal year. However, because this Grand Jury Committee is cognizant of the fact that the Mayor and the Board of Supervisors' Finance Committee's announced policy of eliminating jobs and curtailing services is necessary in order to avoid a tremendous tax increase, there seems little point in suggesting that more funds be made available to the Museum on a basis of priority.

## THE LEGION OF HONOR

The Palace of the Legion of Honor, a gift to the City from the Spreckels Family, is a beautiful architectural model of the Palace of Legion of Honor in Paris in the midst of Lincoln Park on the shores of the Golden Gate.



## FINE ARTS MUSEUMS (continued)

The Legion specializes in the French arts.

In 1948, Mr. and Mrs. Moore S. Achenbach created the Archenbach Foundation for Graphic Arts, and presented their entire collection of prints to the City and County of San Francisco, with the provision that it would be housed in the Legion of Honor. The Foundation is, in effect, the Museum's department of prints and drawings, with the largest graphics collection in the western United States. It houses not only a systematic representation of the history of print-making from the 15th century to the present (with approximately 100,000 prints) but also nearly 2,000 drawings, a collection of illustrated books and an excellent reference library of more than 3,000 volumes.

Major exhibitions have continued to be a part of the Legion's regular and continuing program including an exhibition of contemporary art and one-man shows by a number of famous artists.

Each weekend, the Legion presents its concert series in the Museum Society's Little Theater where many distinguished artists have performed to the delight of our citizens. Three new handsome galleries have been created as a part of the general remodeling program that was recently completed. The expansion has included the Department of Prints and Drawings; a redesigned exhibition gallery; a new print room and library; and a conservation laboratory for works of art on paper which is unique in providing techniques that include the removal of stains and other delicate operations performed on prints and drawings.

The Legion as well as the other Museums continue to deal with the problem of space, physical facilities sufficient to satisfy the needs of all our citizens, many of whom on occasion feel that more time or space is dedicated to a particular collection or exhibition than is necessary, or that other more interesting and important collections in one case or another should be exhibited in their stead. This responsibility obviously falls on the shoulders of the Board of Directors who must make these decisions on the basis of all the facts before them even though the decisions at times may be contrary to the individual views of the community at large. The fact is that the Board sees to it that huge sums of money over and above what the City contributes to the Legion are made available through private sources.

The Legion of Honor through its Director and staff provided considerable financial detail in support of the need of a larger subsidy from the City and County of San Francisco for the next fiscal year. However, because this Grand Jury Committee is cognizant of the fact that the Mayor and the Board of Supervisors' Finance Committee's announced policy of eliminating jobs and curtailing services is necessary in order to avoid a tremendous tax increase, there seems little point in suggesting that more funds be made available to the Legion on a basis of priority.



## ASIAN ART MUSEUM

Founded by special City ordinance in June 1969, the Asian Art Museum of San Francisco has jurisdiction over the collections of Asian art belonging to the City and County of San Francisco. Situated in Golden Gate Park, the Asian Art Museum is an independent institution with its own Director and Chief Curator, Rene-Yvon Lefebvre d'Argence, staff and budget, and its own board, the Asian Art Commission, appointed by the Mayor. With over 8,000 sculptures, architectural elements, paintings, bronzes, ceramics, jades and decorative objects from all over Asia, from Iran to Japan and from Mongolia to Indonesia, the Museum provides a rich and varied source for research, study and appreciation of Oriental civilizations.

The Avery Brundage Collection, which presents the major holdings of the Museum, was acquired through two separate agreements with the City. The first collection - for which the Museum was built - was donated in 1959. The second collection was added in 1969 and included all the items that Avery Brundage collected for the Museum from 1959 to 1969. The second collection is as important as the first. It was planned with great care and with special emphasis on sculpture and paintings. In addition, all the items that Avery Brundage has acquired since 1969 are on loan at the Museum.

Through the generosity of several hundred Bay Area citizens and certain foundations and corporations, \$3,000,000 in gifts and pledges received prior to June 30, 1973 assured preservation of the 1969 collection for San Francisco. As part of this fund-raising effort, a number of rooms and galleries in the Asian Art Museum have been named in honor of donors. These include the Lenette and Willard O. Caro Gallery, the Adrian Gruhn Court, the Osgood Hooker Gallery, the Babette G. Lurie Gallery and the T. A. Soong Gallery. One of the most outstanding and popular attractions of the Asian Art Museum is the beautiful Jade Room, presented by the Cyril Magnin family.

In recent years, private citizens or groups of citizens have also made substantial contributions to the acquisitions program of the Museum, and collectors such as Roy Leventritt and Ed Nagel have donated important examples of Oriental art. Such gifts are vital, since the growth of the collections depends entirely on gifts and financial support from private individuals.

In a move outward into the community at large, the Museum opened its first branch, the Japan Center Extension Gallery, in the Japan Center. Selected objects from the Avery Brundage Collection are changed periodically, and there are bilingual descriptive labels in Japanese and English.

The recent exhibition of Archeological Finds of the People's

## ASIAN ART MUSEUM (continued)

Republic of China drew the largest crowds in the Museum's history simply because the Chinese collection had never before been seen on the west coast and for that we must congratulate the Board of Trustees as well as the Director of the Museum.

Since its creation, the Asian Art Museum has continued to make its collection of Oriental art available to the general public and scholars throughout the world. Beginning some ten years ago with a substantial gift of books by Avery Brundage, the Library provides approximately 10,000 volumes on Asian art and civilization to the public.

The Museum has a fully equipped Conservation Laboratory specializing in Oriental art in addition to its curatorial staff.

The goal of the Museum is to make possible what Avery Brundage dreamed would happen; namely, that San Francisco would become one of the world's great centers of Oriental culture.

The City and County of San Francisco finances some of the operating costs of the Museum; however, the principal financial support comes from citizens of our City through contributions and legacies. Without this kind of citizen participation, it would be impossible to see material growth in acquisitions because the needed funds are usually in million or more dollar units. The collection is presently valued in excess of \$300,000,000. The staff of the Museum find it difficult to carry out all of the responsibilities of conservation, preservation and growth with its present staff and more particularly its limited physical facilities. Obviously these needs will only be met by those same public spirited friends and neighbors who accept the responsibility of seeing to it that through their own personal efforts in raising substantial funds, the goals expressed by Avery Brundage will be realized. Hopefully the Fine Arts Museum Society which contributes to both the de Young and the Asian Art Museums will gain in membership and interest among its membership to help make the real goals of the Museum possible together with the substantial contributions made through the continuing efforts of the public spirited citizens serving on the Asian Art Commission.

## ANIMAL CONTROL CENTER

The San Francisco Society for the Prevention of Cruelty to Animals is a non-profit corporation devoted not only to the prevention of cruelty, but also the care, of all animals. It is located at 2500-16th Street and known as the Animal Control Center where both shelter, hospital and educational services are available.

The Society in its operation of the Animal Control Center obtains the principal portion of its funds for both capital and



## ANIMAL CONTROL CENTER (continued)

operating expenses from private sources and endowments. The Society, pursuant to contract, attends to all animal care, citations and leash law enforcement on behalf of the City and County of San Francisco. It promotes the licensing of animals which resulted in excess of 35,000 licenses being issued for the calendar year 1975-1976. The City recovered approximately \$33,000 in fees in addition to approximately \$170,000 in the sale of licenses. These funds were used to defray the annual contract cost of the services performed by the Society.

It is interesting to note that the Animal Control Center deals with animals of every known description and category in addition to dogs and cats, including horses, raccoons, skunks, birds, goats, bats, rats, ducks, chickens, pigeons, etc. After 84 years in business, it is obvious that the Society's operation of the Animal Control Center is well and highly efficient under the leadership of many experienced and talented people. Charles Freidrichs, Executive Vice President and Secretary of the Society and Chief Management Officer retired after 42 years of outstanding and dedicated service. He continues to serve the Society notwithstanding his retirement in the capacity of Special Consultant. His successor is Richard Avanzino whose educational background includes both a degree in law as well as pharmacy. Prior to his appointment to the offices of Executive Vice President and Secretary to the Society, he served in administrative posts with the California Pharmaceutical Association and a health planning council in Orange County.

Our in-depth examination of the day to day operations of the Animal Control Center indicates that it provides all the services that anyone can reasonably expect in the care and prevention of cruelty to animals. The modern facilities, including the hospital, are a model of essential community services in comparison with other smaller and larger communities. The stray dog that runs in front of an automobile, the small cat crying for food outside a locked door, an injured sea gull unable to fly in the City park are a few examples of the day to day responsibilities of the Center.

Pets in need of good homes, unwanted, sick or lost, always find a warm welcome at the Center. Children learn kindness to animals through the services of the San Francisco SPCA. A teaching representative known as the "SPCA Lady" visits every class of every public and private school in San Francisco once a year to acquaint them with the importance of kindness to animals and conducts Center tours, which services reach more than 50,000 young people annually.

A fleet of 13 vehicles, including eight animal ambulances equipped with two-way radios travel approximately 100,000 miles each year to investigate complaints of animal neglect in addition to inspecting on a regular basis stock yards, pet shops, parks and beaches. The Center also inspects treatment of animals in circuses and rodeos and similar events when they perform in our City.



## ANIMAL CONTROL CENTER (continued)

Rescue servies which are least noticed by the public include a wide range, such as rescuing dogs or cats between walls or from roofs and even on occasion rescuing a sea lion from a sewer.

The Center now has legal authority to cite people who violate either the new "leash law" or the "animal license law" which results in a notable decrease in the number of animals killed on City streets as well as continuing to increase the revenue of the City and County.

Least known as well is the service provided to our citizens who become ill and unable during periods of hospitalization to care for their animals that the Center offers its services on a custodial basis. Quarantined animals continue to be the responsibility of the Center.

There is a division of opinion in the Community with respect to whether the Society should spend maximum time in picking up stray anmls rather than directing the majority of its efforts to attending to animals who are the subject of specific complaints by our citizens. The fact is that they cannot do both efficiently and must consider as a number one priority the responsibility of attending to the complaints of our citizenry first, leaving the other areas of activities in a secondary position of importance.

The Board of Directors of the Society devote a considerable amount of time to the Society's affairs and the high standards of performance (which can be observed by visiting the Society's headquarters on any day of any week), in addition to providing considerable capital that makes it possible for the Society to carry on all of its operations for the benefit of our citizens that would otherwise be an obligation of the community and the taxpayer.

Mrs. Elizabeth Carr

Mrs. Charlotte C. Poole

Harold S. Dobbs, Chairman

## PURCHASING DEPARTMENT

The Purchasing Department is responsible for the purchase of materials and supplies, equipment and contractual services for all departments of the City and County, including the City-owned utilities, the San Francisco Port Commission, the San Francisco Unified School District, and the San Francisco Community College District. It also repairs and maintains automotive and other equipment for the various departments except for Public Utilities, and for the School District as requested. The Purchasing Department also operates a Central Reproduction Bureau for any department requiring this service; transfers to other departments or sells any equipment or supplies no longer useful to any department; maintains a perpetual inventory of equipment in the various departments; and operates the Central Stores of the Purchasing Department. Under the direction of Mr. Joseph Gavin, Purchaser of Supplies, the department is organized into five Bureaus: Buying, Stores and Equipment, Personnel and Accounts, Reproduction and Shops.

Reports of previous Grand Juries have described the operations of the several Bureaus of the Purchasing Department. As there have been no essential changes in these operations they are not being described again herein. Following are a number of observations which in the opinion of this Grand Jury suggest changes that would improve the service of or save on City costs through the functions of the department:

1. The total of supplies in the City, (excluding the schools) that pass through inventory annually amount to approximately \$20 million. With the exception of the Water Department, we found that control over these inventories was poor. Often, the same employee who received the merchandise issued the merchandise against requisitions, adjusted the stock cards and also took physical inventory. The results of the physicals (totals only) were sent to the Purchasing Department for forwarding to the Controller who threw the information away. This very poor control over a \$20 million asset encourages theft. It is the Purchasing Department's and Controller's responsibility to correct this problem.

2. The Purchasing Department is buying very little stationery. We were informed that this occurred because the amount in the revolving funds maintained by the Controller could not be reconciled and was too small to make quantity purchases. The purchases of stationery by all City departments should be centralized so as to take advantage of quantity discounts.

3. The Purchaser of Supplies recommended to a representative of the Grand Jury that the Controller's office make more use of their optical scanners, instead of using key-punching as a means of input to the computer. The Data Processing Department in the



## PURCHASING DEPARTMENT (continued)

Controller's Office made a study to this effect and efforts will be made to use the optical scanners, where practical and economical. The biggest savings are in "turn-around" documents such as the tax bills and food stamp authorization. The two alone would cost the City approximately \$70,000 in keypunch cost if optical scanners were not used.

4. The Purchaser of Supplies recommended to the CAO that a fund be established for the purchase of office furniture and office machines. The equipment, after purchase, would be rented to federally funded programs which are not authorized to purchase furniture, but do have funds to rent furniture and equipment. The City Purchaser believes that by using this rental technique, the City could easily recapture the original costs and either deposit the rentals in the General Fund or use the receipts to expand the program. The request for the funds to implement this program was turned down. The Grand Jury feels that the idea has merit and should be re-evaluated.

5. There has been no physical inventory of equipment in the City for over six years. The Grand Jury recommends that spot checks be made by each department each year and a total physical inventory be taken of the equipment in each City department every three years and compared to the computerized equipment records.

6. Many surplus items were in evidence in the Central Warehouse, including signs, operating lights, computer room floor, sterilizer, X-ray machine, incubator, etc. Many of these were obsolete and should be disposed of, thus allowing for much needed space.

7. The inventory control system at the Muni Railway Warehouse is very poor. The parts man reports to the Purchaser of Supplies and is hired through Civil Service. He has no background in automotive parts. Only one physical inventory of parts has been taken in the past two years. A computer print-out is forwarded to Muni every two weeks and was found to be useless for buying purposes. At a meeting held between a representative of the Grand Jury, personnel of the Muni, personnel of the Purchaser's Department and personnel of the Data Processing Department, this matter was discussed and found to be relatively easy to correct. At present it is impossible to evaluate the repair costs of each piece of equipment. We understand that a federally funded computer system will be implemented shortly. This system will control the inventory and also allow parts and labor to be charged to the relevant piece of equipment. Once this system is implemented, Muni Management will be able to evaluate which pieces of equipment are breaking down most frequently and plans can be made to replace them, with a commensurate savings to the City.

8. There is a card index system in the Central Shops which shows each piece of equipment serviced, filed by department. This information is also furnished on a data processing report. The card



## PURCHASING DEPARTMENT (continued)

system should be discontinued as it is a duplication of costs and effort.

9. Previous Grand Juries have recommended that a vehicle replacement procedure, based on the best overall economy, be established for general service automobiles of the City and County. Guidelines for such a practice were developed in 1975 through joint effort of the Purchasing Department and the Controller's Office. The study included review of policies of the State of California, of other local governments and of public utility fleets. A recommended replacement schedule for all classes of cars has been presented, in which the typical general service car would be classed as ready for replacement at either 5 years or 60,000 miles. Other ages and mileages would apply to certain types of vehicles and to special service automobiles. The schedule is qualified by a criteria that an inspection and condition appraisal of each vehicle must be made by the Bureau of Shops, along with justification to the budget authorities by the requesting department of continued need for the vehicles. As of November, 1975, 64% of the City's passenger cars, other than police automobiles, were either over age or over mileage or both.

On the basis that the recommended practice would lead to the overall economy for the City, the Grand Jury recommends that actions be taken to bring automobile replacement in line with the schedule. Because of the present great deviation from the recommended practice, accomplishment of the above objectives might well be spread over several years.

## DEPARTMENT OF PUBLIC WORKS

The Department of Public Works is responsible for provision of and care of essentially all of the new and existing physical plant of the entire City, excepting those facilities that come under the Public Utilities, Port and Airports Commissions, and not including most equipment, such as automobiles. The work is carried out by the departmental Bureaus of: Architecture, Engineering, Building Repair, Street Repair, Street Cleaning and Planting, and Water Pollution Control. Through its Bureau of Building Inspection the Department also controls all private construction within the City.

The organization of the Department of Public Works and its several Bureaus is well set forth in the Annual Report of the department for 1974-1975. The work accomplished during that fiscal year is enumerated and described in considerable detail in the report. During the current fiscal year many of the projects are being carried on, new ones have been started and all of the several lines of routine maintenance and repair work goes on, although some are even more restricted by budget limitations than in previous years.

## DEPARTMENT OF PUBLIC WORKS (continued)

### Waste Water Management Plan

Within the Department's functions the activity with highest public impact and greatest financial magnitude, at present, is the Waste Water Management Plan. This matter has a complex background, replete with failures by the City through the Public Works Department, to meet present day ecological requirements. It has been complicated by changing standards handed down through the Regional Water Quality Control Board. Pressure from this Board finally prompted establishment by San Francisco's Mayor Moscone of a project management team headed by Richard Sklar, to report directly to the Mayor and the Chief Administrative Officer. Further, Director of Public Works Myron Tatarian has separated sanitary engineering from the Bureau of Engineering and formed a new Bureau of Sanitary Engineering to be headed by Alan Friedland. Mr. Sklar's management team, according to the announcements, will manage the financial and public information activities of the project and oversee preparation of reports to federal and state agencies that will regulate and finance the program. Friedland's Bureau will supervise all engineering and design aspects of the water pollution control program. It will obtain support from several Divisions of the Bureau of Engineering, including Construction Management.

The overall program as now tentatively defined will cost in the neighborhood of a billion dollars, at present day costs. Although some of the first steps are agreed on and work is under way on some phases, there has been a record of introduction by authorities of increasingly stringent demands so later phases of the work still must be considered to be tentative. Also, the complete program will extend over a good many years so costs will no doubt escalate considerably above present day estimates. However, since release by the Federal Government of previously impounded funds, over \$200 million is now available from this and state sources for use on early segments of the program. These grants will constitute 87 1/2% of the costs of work covered - only 12 1/2% by the City itself. It is contemplated that this ratio will hold for essentially all of the program, but by simple arithmetic the City's 12 1/2% of the billion is \$125 million - and it will no doubt be much more finally.

With the Mayor's project management team now under way and the special efforts now being made through the new Bureau of Sanitary Engineering, together with the availability of funds from federal and state sources, it would seem that the program should have clear sailing. But as this report is being written the Regional Water Quality Control Board (RWQC) has just put a ban on additional sewer connections to the system in the entire eastern half of the City, thus, in effect, arresting construction of all buildings beyond those now under way or authorized. This is an unbearable situation for the City to be in for any length of time. It makes it clear that there can be no relaxation on the part of anyone involved, directly or indirectly. The Board of Supervisors, as well as the Mayor, must be directly concerned because one of the requirements for lifting the ban is



## DEPARTMENT OF PUBLIC WORKS (continued)

adoption of a financial program that will satisfy RWQC. The City must show readiness and capacity to provide the City's share of the costs. Action is called for, and expeditiously.

### Deferred Maintenance

The maintenance, repair and improvement of most of the City's physical plant is a principal function of Public Works. This Grand Jury has issued an Interim Report titled Deferred Maintenance which points out that in recent years the City's facilities have been allowed to run down to an unreasonable extent. Direct blame cannot be placed on the Department of Public Works. In fact, Public Works is on record as proposing and recommending allocation of appreciably greater funds for maintenance and improvements of the City's capital plant, year after year.

In response to the Grand Jury's request for information on Deferred Maintenance, Director Myron Tatarian indicated his understanding of the City's financial condition which brings about the lack of maintenance. His letter said, in part:

This department has indicated on several occasions in recent years that due to the severe lack of funding for improvements and maintenance, the gradual deterioration of streets, buildings, landscaping and other public facilities is becoming very noticeable. We believe that anyone vaguely familiar with the City's physical improvements of a few years ago will generally agree with our observation.

What are the deterrents to having an adequate program of protecting our investment in physical improvements? As you know, our City basically does not have the financial capability to fund all the programs that might be considered desirable. The lack of funds creates a need to establish spending priorities and generally proposed expenditures for maintenance and repair, replacements and reconstruction, capital improvements, and equipment replacements and purchases are sacrificed in favor of more popular programs. Also, unlike many other programs, the inadequacy or disallowance of funds for such work on facilities or purchases of equipment generally do not produce consequences which could be felt or observed immediately by the general



## DEPARTMENT OF PUBLIC WORKS (continued)

public or the elected officials. Therefore, over these recent years, because of the City's fiscal problem, this department has not been receiving adequate funds for the stated purposes.

The Grand Jury agrees with Mr. Tatarian's analysis; the City's elected officials are allowing the inconspicuous deterioration to go on while supporting more popular programs. One trouble with this course is that providing only token care of our facilities now can only lead to a much more costly reconstruction or replacement program in the future.

It is up to the Mayor to follow through on his promise of March 22, 1976, to begin repairing and replacing "--our physical plant that has run down to an inexcusable level of shabbiness" and up to the Board of Supervisors to cooperate in the endeavor by appropriating the necessary funds.

### New San Francisco General Hospital

The Bureau of Architecture in the Department of Public Works supervises the design and construction of new public buildings. The new San Francisco General Hospital building has been a major project of the Bureau which has been under way since an enabling bond issue was approved by the public in 1965. A construction contract was awarded June 9, 1971, and construction started on July 26, 1972. After many postponements it is now expected that the new building will be open in the fall of 1976. A great deal of criticism has been expressed over the inadequacies in the management of its construction. This Grand Jury has issued a report summarizing the principal complaints. It is recognized that a good many people and organizations may have contributed to the poor performance but whatever the excuses, the Bureau of Architecture, particularly the Construction Division, must bear a part of the blame for the very late completion.

### Responsiveness to the Public

Of all the operations in City government those of the Department of Public Works affect the public in more ways than any other part of the City's organization, except possibly the Muni or the Police. As a result there tend to be many requests, complaints and inquiries. Probably, in part at least, because all parts of the Department feel limited in what they can accomplish within fiscal and manpower limitations, they seem to have adopted a practice, if not a policy, of not responding well to the public.

In a series of hearings held by this Grand Jury with representatives of neighborhood organizations one of the most frequent areas of criticism was the Department of Public Works and its several Bureaus. A wide variety of frustrations were heard. Whatever the actual complaint: "could not reach the right person", "what was

## DEPARTMENT OF PUBLIC WORKS (continued)

promised was not done", "no one called back", "received no answer", "put off and put off", it all sums up as lack of responsiveness. The Department cannot do everything that individuals or groups of the public want them to do but it might well respond much better to public inquiries. Perhaps there is need of a public relations person (it should be a part-time job) who would act as a focal point to receive all inquiries and complaints and direct them to the right source and follow up to see that some form of response is made. A negative one is often better than no answer at all. The Grand Jury suggests consideration of some such program.

## REAL ESTATE DEPARTMENT

The Real Estate Department provides services to practically all departments of the City in appraisal and negotiation work; acquisition of property for street widenings and extensions; school expansions and parks; special study and appraisal projects; disposal of surplus property; jurisdictional transfers; management of City-owned facilities; advice pertaining to real estate matters; loan and finance service to code enforcement programs; and maintenance of records pertaining to City and School and Community College Districts' property.

The overall functions, organization and details of operation of the Department are well covered in the Annual Report of the Department.

As has been pointed out in previous Grand Jury reports, as well as in Departmental Annual Reports, the Real Estate Department functions are supported primarily on an interdepartmental work order basis. Many departments have no allocated funds from which to pay for services which they may require. As a result there are often delays and resulting increased costs created by late allocation of funds. The Real Estate Department's management believes that many problems would be resolved and savings in monies realized if the majority of the staff were placed in budgeted positions.

Past Grand Jury reports have suggested that consideration be given to the building of a new City office building. Justification would be found in the overall economy that might result from use of one City-owned building as compared with the present use of a large amount of leased office space scattered through privately-owned buildings. An additional advantage would be improved departmental efficiency in some departments with staff widely separated at present; particularly if the new building were in the Civic Center area.

The State Compensation Insurance Fund is constructing a new building and plans to sell its present building at 525 Golden Gate Avenue. This structure is a first class office building, just one



## REAL ESTATE DEPARTMENT (continued)

block from City Hall, of size that could serve the City's office needs that are now in leased space in the Civic Center area. The Real Estate Department has studied in depth the prospect of the City buying the building, including possible methods of financing the project, and has reported to the CAO and the Mayor. The Board of Supervisors has passed resolutions encouraging the Department to proceed with negotiations.

The building has a gross area of 180,000 square feet. Its historic cost is \$4,135,265 (building only) but its present day replacement cost has been estimated at about \$9 million. The Insurance Fund has asked \$7.5 million and the State Legislature has appropriated (in 1974) \$4,875,000 for the purchase of the building for State use; but reportedly the State's General Services Department is now negotiating for it at an appreciably higher figure. There is conjecture that if the City can act promptly, or negotiate astutely, the building might be purchased for \$6 million or a little more. A determination of who gets the building may come as early as July, 1976.

The most economical way to finance the purchase would be through general obligation bonds, if this were possible. Because of the limited time in which to act and particularly because of the two-thirds vote requirement for such bonds, this method can hardly be considered.

The Real Estate Department explored with the City Employees' Retirement System the possibility of the Retirement System purchasing the building and entering into a lease purchase agreement with the City, and obtained an indication of interest on 9 1/2% net return basis. Amortization of \$6 million over a 25 year period at 9 1/2% return would require an annual payment of \$629,000. Annual operating costs, including maintenance, utilities and services is estimated at \$350,000 making a total yearly cost of \$979,000. The annual rental cost of presently leased space that could be saved is roughly estimated at about \$680,000. Thus having the building would start out costing about \$300,000 more per year than continuing to lease. It is expected however, that rental costs will increase much faster than would operating costs on the building so that the differential should decrease with time, in fact the total yearly cost of owning and operating the building could well become less than the cost of leasing the space and of course the City would gain ownership at the end of 25 years.

An alternate method of financing could be by use of a non-profit corporation. On the basis of the interest rate on which the Social Services Corporation recently sold bonds, 6.5646%, amortization of \$6 million over 25 years would cost \$495,000 per year. Taking into account operating costs of \$350,000 the total would be \$845,000, only \$165,000 more than the estimated saving in cost of leased space. As with the Retirement System proposal the differential should decrease



REAL ESTATE DEPARTMENT (continued)

with time and the City would own the building in 25 years.

Of the alternatives, simple arithmetic certainly favors the non-profit corporation. There has been increasing use of the non-profit corporation method of financing public endeavors in recent years but its continued use has been coming under close scrutiny and the question asked as to whether or not the City is insulated from risk by its use. It seems that this is a case where it might be acceptable as a means of gaining a worthwhile objective. However this Grand Jury would hope that if this route is followed the City's authorities be honest with themselves and the public and acknowledge that the use of a non-profit corporation would not relieve the City of all possible financial burdens in connection with the bonds sold.

The facts and figures used in this report are essentially all based on information obtained from Mr. Wallace Wortman, Director of Property, and have not been verified by the Grand Jury. Further the Grand Jury has not had sufficient time to examine the facts to the extent necessary to determine that purchase of the building at 525 Golden Gate would be to the overall advantage of the City. Our conclusion is only that if the City does buy the building it should be economical to use a non-profit corporation rather than a lease purchase arrangement with interest at a 9 1/2% rate.

Maurice L. Dickinson

David R. Garrett

Harold J. Bentson, Chairman

## DEPARTMENT OF PUBLIC HEALTH

The Department of Public Health provides services which are not readily accessible through the private sector of medicine. These services are mainly comprised of: major emergency and trauma treatment; acute medical and surgical care; chronic services; and special diagnostic and treatment clinics. The Director of Public Health is Dr. Francis J. Curry who is due to retire this year.

### NEW SAN FRANCISCO GENERAL HOSPITAL

This Grand Jury issued an Interim Report in April 1976. This Report prompted an investigation by the Board of Supervisors' Health and Environment Committee, (represented by Mrs. Feinstein, Mrs. von Beroldingen and Mr. Tamaras), at which time the following parties attended a meeting to testify in regard to the contents of the Report: the Chief Administrative Officer (CAO), personnel from the Department of Public Works, personnel from the Bureau of Architecture, the Director of Public Health, medical personnel from the Hospital, the Contractor and the Grand Jury Committee charged with investigating the Department of Public Health.

The Grand Jury Committee testified first, followed by the CAO and the representatives of the Contractor, Simpson Construction Co. At the conclusion of the meeting the Committee of the Board, particularly Mrs. Feinstein and Mrs. von Beroldingen, commended the CAO on the fine job he had done in serving the City, thus tending to indicate that they supported the CAO's position in his reply to the Interim Report of the Grand Jury and also intimating that the Report was incorrect in its findings. The following are the reasons why we continue to hold the CAO partially responsible for many of the delays in the opening of the Hospital:

Our Interim Report disclosed that we had received a report prepared by the City's Bureau of Architecture which listed approximately 900 pages of problems cited by construction inspectors, many of which were still uncorrected by the contractor. At the time of the meeting with the Health and Environment Committee this report had expanded to in excess of 1100 pages of problems.

In the meeting the CAO stated that most of the items on these pages were minor and that it was quite usual to have many such unresolved problems in a large construction job. What he failed to admit was that many of the items had been given to the contractor many months before and no attempt had been made by the latter to correct them. In fact, the Bureau of Architecture had admitted to the Committee of the Grand Jury that they were frustrated by the fact that at the order of the CAO they had to mail to the contractor a list of many of the



## DEPARTMENT OF PUBLIC HEALTH (continued)

problems which they had already mailed to him at an earlier date.

### Air Conditioning

In our Interim Report we stated that for a considerable period of time areas of the Hospital structure vibrated.

The CAO, and the contractor after him, stated to the Health and Environment Committee that the problem was not unusual and that it was just a matter of balancing a fan in order to correct the problem. What they failed to admit was that from October 1975 to May of 1976, this situation had not been corrected to the satisfaction of the medical personnel of the Hospital.

### X-Ray

The original General Electric x-ray equipment scheduled for this Hospital was found not to meet State requirements and was replaced with more advanced equipment by the medical personnel. The new x-ray equipment was selected in June 1973. Subsequent to this date the contractor commenced building the leaded walls necessary for this department. In August 1974, the rains came and water leaked through the ceiling, causing the walls to collapse. In the Fall of 1974, the contractor commenced rebuilding the walls, but in that he knew that the new x-ray equipment would require rewiring, he requested a "stop order" from the Bureau of Architecture on the building of the walls. General Electric, the supplier of the x-ray equipment also forewarned the Bureau of Architecture of the rewiring that would be necessary and stated that they would not be responsible for any increased costs incurred as a result of the lack of a "stop order". Despite these warnings the Bureau of Architecture never issued a "stop order". In March 1975, the new equipment began to arrive, but it was not until September 1975, that installation commenced, after the walls had been demolished by the contractor, in order to wire the equipment. Some of the delay between the date the equipment arrived and its installation was caused by the following:

At the time the new equipment was ordered, the Project Manager, who reported to the Department of Public Health, informed the Bureau of Architecture that the modifications to the mechanical and electrical services required by the more modern equipment would be minimal. However, this was erroneous advice, as the contractor informed the Bureau of Architecture that it would cost \$490,000 to make the modifications. It took six months for Mr. Malurbi of the Bureau of Architecture, together with Dr. Coulson, the Chief of Radiology and Director of Medicine, to negotiate this figure down to \$250,000. This latter amount was over and above the amount outlined in the original contract. Dr. Coulson and Mr. Malurbi are to be commended on their negotiating skills.

For two years the medical personnel tried to persuade the



## DEPARTMENT OF PUBLIC HEALTH (continued)

Bureau of Architecture to continue installing the x-ray equipment; however, it is only now in May of 1976 that this area of the Hospital is being completed.

The CAO's reason for the failure of the Bureau of Architecture to invoke a "stop order" on the building of the walls was that General Electric had told him that the electrical and mechanical modifications would be minimal (the Project Manager assigned to the job by the Department of Public Health had also informed him of this fact) and that the Bureau of Architecture considered that to issue a "stop order" would be more expensive in the long run; even though the walls would have to be demolished, once built.

This information, which he states he received from General Electric, is in conflict with other information received by the Grand Jury from another source. This source states that General Electric continually tried to persuade the Bureau of Architecture to issue a "stop order". The CAO also informed the Health and Environment Committee that the Bureau of Architecture was concerned that if they issued a "stop order" the work in the Radiology Department would be unnecessarily delayed and increased costs would be incurred.

The Health and Environment Committee accepted this explanation and seemed to concur with the CAO that he had no further responsibility, despite the fact that he had not heeded the contractor's request for a "stop order". This Grand Jury believes that the City Managers have a very real responsibility not to accept the word of a Corporation (i.e. General Electric), which is not directly responsible for the installation, without probing the matter further.

### Elevators

The CAO and the construction company personnel stated to the Health and Environment Committee that the Grand Jury statement in their Interim Report that some elevators failed to reach the ground floor was erroneous, as neither of them could find such evidence.

The Grand Jury still holds to this position as it was informed that at one time it was necessary for the sub-contractor to shave the inside of the elevator shafts in order to correct the problem.

### Patients' Rooms

Many of the lavatory doors fail to close. It was only after the Grand Jury issued its Interim Report in April 1976, that the manufacturer of the doors flew two employees out from Wisconsin and the installation sub-contractor sent three employees to the Hospital to correct the problem. At present 300 lavatory doors are being inspected and many are being adjusted so that they will close and then open easily.

## DEPARTMENT OF PUBLIC HEALTH (continued)

The Committee of the Grand Jury stated to the Health and Environment Committee that they considered these doors too complex for easy use by a patient. The latter committee and the CAO appeared to concur with this finding.

### Psychiatric Rooms

The original plans for the design of the psychiatric ward had been extensively modified by the replacement Director of Community Mental Health. The cost of these changes required by the Director was \$250,000, some of the work pertaining to which has not yet been completed. We now understand that some of the modifications may not be made and that the Director has resigned and will be replaced.

The CAO concurred with these facts but stated that during the span of time covered by the above, the environment for handling psychiatric patients changed and more security was required.

The Grand Jury accepts this and has no further comment.

### Prisoners' Ward

The Interim Report of the Grand Jury stated that at the time of initial construction no provisions had been made for a maximum security ward. Subsequently it was determined that approximately \$720,000 would have to be allocated for this new facility. The reason for this was given by Mrs. von Beroldingen who stated that the increased costs in deputies required to guard the prisoners, if no prisoners' ward was built, would be far higher than the cost of the prisoners' ward itself.

No reason was given for the failure to plan for this at the outset of the contract and for the fact that now an interim prisoners' ward will have to be completed at a cost to the taxpayers of \$25,000 -- just due to poor planning!

### Toxicology

The CAO gave no reason to the Health and Environment Committee for the locating of Toxicology in temporary quarters which were soon to be demolished under Phase II of the construction project, prior to the completion of a new Toxicology Center in the old Hospital building. As a result of this lack of planning, this department must be temporarily relocated -- once again at an additional cost to the taxpayers of approximately \$60,000.

### Critical Path Method and Time Scale Network

This vital control tool, a contract requirement, was never received by the City. At the meeting with the Health and Environment Committee the contractor stated that he submitted one to the Bureau of



## DEPARTMENT OF PUBLIC HEALTH (continued)

Architecture at the outset of the contract but they rejected it as unsatisfactory. He stated that he never submitted another as the change orders to the original contract were too many to provide such a tool. The CAO did not refute the contractor's contention and gave no reason why he brought no further pressure to bear on him (other than to withhold payments) to fulfill his contract obligation. The Grand Jury feels that although, as contended by the contractor, strikes, poor weather and change orders did delay the Hospital opening, nevertheless, the lack of the Critical Path and Time Scale Network was an even more significant reason for the delays. Without it the project was so large that it was virtually impossible for the City to monitor the contractor's and sub-contractors' progress on a day to day basis.

### Supervisors' Budget Freeze

The Interim Report of the Grand Jury stated that the budget freeze invoked by the Board of Supervisors from July 1975, through February 1976, delayed the opening of the Hospital. It now transpires that even though there was a freeze, the fault lies with the Department of Public Health who failed to request release of the impounded funds in an expeditious manner.

Based on all of the foregoing, the Grand Jury feels that the Health and Environment Committee did not probe all the matters outlined in the Interim Report to the bottom. Instead, the Committee after hearing the testimony, praised the CAO's management ability and his service to the City. While we have no doubt that the CAO has done a commendable job in the past, nevertheless, we feel that he did not exercise due diligence in his duties on this project. Also, there is no doubt in our minds that the contractor should shoulder a large part of the blame for the delay in the opening.

We believe that the following significant areas of contradictory testimony were glossed over by the Health and Environment Committee during their investigation:

1. Why the City was given so many Hospital opening dates by the contractor?

The Hospital construction was begun in July 1971, and the Hospital was projected to open in June 1975. Since 1973, the job has been plagued with delays. However, there are many letters written by the contractor in the files of the Bureau of Architecture, dated as early as November 1975, claiming that the Hospital was completed. This



DEPARTMENT OF PUBLIC HEALTH (continued)

occurred despite the numerous lists of problems submitted to the contractor by the Bureau of Architecture in November and in later months. (It should be remembered that at the time of the Grand Jury's Interim Report in April 1976, there were 900 pages or problems, many of which were still uncorrected.) It is obvious from this that the Bureau of Architecture considered the Hospital was far from ready for occupancy and has information in its files to substantiate this fact.

The last opening date given by the contractor is August 1, 1976, 14 months after the projected date of completion.

2. Why the CAO did not take further aggressive action (e.g. solicit the help of the City Attorney) to obtain the Critical Path and Time Scale Network which was a contract requirement?
3. The CAO was responsible for approving all change orders to the Hospital. Why would he not be partially responsible for the delays in the project?
4. Why the CAO did not require the Bureau of Architecture to check with Dr. Coulson, or some other authority on radiology, as to whether in fact the modifications to the electrical and mechanical utilities for the new x-ray equipment would be minimal? Also, we are puzzled by the CAO's explanation to the Health and Environment Committee in regard to the "stop order" on the lead walls, namely: that it was the Bureau of Architecture's judgement (admittedly based on past experience) that to issue a "stop order" would be more expensive than to build the lead walls and then tear them down (which is what occurred), in order to wire the new equipment.

Why, if the x-ray equipment began to arrive in March 1975, was it not finally installed until April 1976?

5. The Prisoners' Ward was an open shell area in October 1975. Today it is in the same condition and bids for building it have still not been solicited. Now an interim prisoners' ward is necessary. Why was there such a delay? This

DEPARTMENT OF PUBLIC HEALTH (continued)

decision cost the taxpayers \$25,000.

6. Why was there no plan made for toxicology? Who made the decision to move it into an area of the Hospital which was to be demolished under Phase II of the project? This decision cost the taxpayers \$60,000.

The Grand Jury calls on the Health and Environment Committee to investigate the above six areas of concern.

Conclusion

Whereas the principal thrust of the above report, as well as the Interim Report on this subject, has been a recitation of faults and shortcomings, together with an attempt to ascertain the causes and place the blame; the Grand Jury has endeavored to formulate conclusions that can be useful in carrying out future major projects by the City. The poor performance of the City's administrative organization, together with that of the contractor and others, on the new Hospital suggest that for large and complex construction jobs the City's organization may not be well suited. It is recognized that for most of the construction work they are required to do the Bureau of Architecture as well as the Bureau of Engineering, both in the Department of Public Works, are highly competent. However, the Hospital project became so complex, fell so far behind schedule and was over-running costs to the extent that the CAO seems to have found it necessary to almost become the Project Manager. The job required a Project Manager from the start, who was qualified to monitor a job of this complexity; but for an executive with all the administrative duties required of the CAO his part time was insufficient.

Probably what we have learned is that very large and complex City construction projects need, in addition to the normal City organization, a competent overall Project Manager and supporting team, from the beginning. Mayor Moscone seems to have recognized this need in connection with the huge waste water project which is in the early planning stage. Compared with this job the Hospital is almost picayune. The waste water project is not only big, it is complex and has problems due to the interests of regional, state and federal authorities, as well as being of great interest to the public. Here is a project that will need controls such as those provided by critical path methods, not just for contractors but for all phases of planning, decision-making, engineering and procurement, as well as construction.

Critical path methods should be a principal tool of project management. We hope that the start in the right direction made on this project will be adequately supported by the City administration and Board of Supervisors, and prove successful. The Grand Jury



## DEPARTMENT OF PUBLIC HEALTH (continued)

recommends that very large, complex City projects should use a similar approach.

In closing this section of our report on the General Hospital we wish to thank the medical personnel, the Chief of Hospital Planning and the Bureau of Architecture for their assistance over the past nine months.

### The Chief Administrative Officer and The Director of Public Health

#### San Francisco General Hospital

In 1971 the Board of Supervisors appointed a Citizens Council to study the Hospital and recommend changes. In 1973 the Council issued a report containing some startling deficiencies in Hospital administration as well as some important ideas; not the least of which was that the Hospital would be a more efficient entity if it was converted into a Community Hospital under the auspices of a Board of Trustees.

The Board of Supervisors held one quick hearing on the report and then sent it to the Chief Administrative Officer (CAO) and the Department of Public Health for their comments. The Department of Public Health formed a committee to study the report, but as far as the Grand Jury can determine the committee rarely met. It is now two and a half years since the public and the Board of Supervisors have heard anything. When the CAO was approached by the Grand Jury on this point, his comment was "this was not a high priority item". Why this was not a high priority item is still not explained nor is the fact that after three years there is still no action!

The Director of Public Health failed to take advantage of the University of Pacific's offer to install a dental clinic at the jail. The University had offered one (1) Instructor, four (4) Advanced Dental Students and one (1) Dental Technician for eight (8) hours, two days per week. The University was to receive \$17,000 from the Sheriff's budget in part payment for these services. The Director of the Department of Public Health could give our committee no acceptable reason for not accepting the offer. Another example of poor follow through!

#### Accounts Receivable - San Francisco General Hospital

Due to the delays in the Admitting Department at the Hospital furnishing the necessary information for billing purposes to Data Processing in the City Controller's office, the "edit" (Control technique) routines within the computer programs in many cases will not process the bills. Thus, all the information has to be reprocessed. There is sometimes as much as two weeks' delay before the bills are finally processed and mailed out. This Committee recommends that the



DEPARTMENT OF PUBLIC HEALTH (continued)

Controller's staff review the system and endeavor to expedite the billing process.

There is no detail made, either by the Hospital accounting personnel or by means of the computer, with respect to the age of each accounts receivable. This situation is aggravated by the fact that most of these accounts comprise billings for Medi-Cal and Medicare, which take some time to process, due to the quantity of data that needs to be documented before the bills can be processed and mailed. The age of these accounts should be reported each month and there should be an efficient follow-up system, either at the Hospital or within the Controller's office, to expedite collection of funds. The fact that the income from the Hospital is credited directly to the General Fund, and not to the Hospital or to the Department of Public Health, gives little incentive for Hospital personnel to intensify their collection efforts. Furthermore, all billings by the Hospital must be made within a specified time and it appears that the Hospital's Billing Department is not staffed to undertake the collection effort. This is evidenced by the fact that our Committee found a backlog of \$1 million of outstanding Medi-Cal accounts receivable, the oldest of which was well over a year and a half old.

A similar situation had become apparent in 1972. At that time there was in excess of \$8 million of old Medi-Cal accounts receivable outstanding, covering fiscal years 1970-71. In 1972, Kenneth Associates was hired to try and collect the \$8 million and by 1975 all but \$212,000 of this amount had been collected. The latter amount was settled with the State of California on January 28, 1976.

At a meeting held between our Committee, the Controller, the Assistant Director of Public Health and the Billing Department at the Hospital, this whole matter of delinquent receivables was discussed. As a result of this meeting a supplementary appropriation for \$37,000 was placed before the Board of Supervisors to rehire Kenneth Associates and this was approved. Kenneth Associates commenced collection efforts on April 1, 1976.

At the same meeting as the accounts receivable were discussed, it came to light that a great amount of key punching effort (one means of inputting data into the computer) could be saved if the Hospital could receive the magnetic tape (another means of inputting data into the computer) which Blue Cross uses to make remittances to the Hospital. The Controller agreed to contact an executive of the Blue Cross to acquire his assistance in implementing this possible expense saving idea. Our latest contact with the Hospital and Controller several weeks later revealed that at that date no progress had been made in acquiring the magnetic tape. Our Committee again urged the Controller to follow-up on this matter but still to no avail. Eventually we contacted a Vice-President of Blue Cross ourselves. On May 25th we received the information we requested and forwarded it to Mr. Ray Choy of the Data Processing Department for his evaluation.

## DEPARTMENT OF PUBLIC HEALTH (continued)

Although the personnel at the Hospital, at the Office of the Department of Public Health, and at the Controller's Data Processing Department were most helpful to our Committee in correcting these deficiencies, nevertheless, we feel that a closer liaison between the Controller himself and these entities would have overcome the problems long ago with a commensurate increase in income and reduction in expenses for the City. The Controller does not appear to understand the importance of follow-up as a management concept.

### LAGUNA HONDA HOSPITAL

The Department of Health, Education and Welfare and the State Department of Health have instructed Laguna Honda Hospital to correct certain safety defects (mostly in the floors and too few sprinklers) in the Hospital. Without these corrections, accreditation of the Hospital will be withdrawn and the Medicare and Medi-Cal payments, which represent more than half of the Hospital's last year's budget, will not be reimbursed. It is estimated by the Bureau of Architecture that it will cost \$3.2 million to correct these deficiencies. In addition, the Hospital has been cited for having a defective (worn-out) power plant as well as defective elevators. The costs to correct these deficiencies are estimated at approximately \$4 million.

HEW had agreed to certify the Hospital if:

1. The Bureau of Architecture furnished HEW with a plan of implementation to correct the problems.

A letter was received by the Administrator of Laguna Honda from HEW, dated May 7, 1976, stating:

"...The necessary elements of a plan of correction was discussed at the March 10, 1976 meeting of the Office of the Chief Administrative Officer. These elements had been previously discussed with you on numerous occasions since October, 1975...over three months have passed and we still have not received a plan of correction...unless this office receives a plan of correction by May 25, 1976, it will become necessary to deny your application for a distinct part skilled nursing facility...this lack of a proper certification poses serious questions regarding Federal Financial Participation".

HEW's anxiety to improve the fire and safety conditions of this facility was ably supported recently when a fire broke out in a ward and created a more dangerous condition and damage than would have occurred had the requirements of the Life Safety Code been implemented.

A representative of the Grand Jury spoke with the



DEPARTMENT OF PUBLIC HEALTH (continued)

Administrator on May 14th, and he informed him that the plan of correction which was produced by the Bureau of Architecture had been mailed to HEW in the week beginning May 17, 1976. A copy of this report is now in the hands of the Grand Jury.

2. The Board of Supervisors approved the funding of the plan.

Two methods of funding the construction work are being considered. One method is a combination of 1976-77 supplemental budget appropriation and a November 1976, bond issue. The other method is to appropriate funds from the next three annual budgets. This matter is being referred to the Board of Supervisors for a determination.

In the last few weeks the Finance Committee of the Board has not been meeting because of their involvement with the City strike. It is hoped that the financing of this plan will be discussed within the next few weeks.

HEW has also cited the Hospital because "the present physical environment (open ward system) is not conducive to maintaining patients at maximum level of functioning or for providing an atmosphere conducive to preventative and rehabilitative care". The cost of converting from open to closed wards is estimated at \$10 - \$15 million.

The Medical Director of the Hospital wrote to HEW in November 1975, stating that, in his opinion, for long term and rehabilitative patients, the open ward system has many advantages compared to the 2 or 4 bedroom system, and asking for a waiver. This position taken by the Medical Director is ably supported by written documentation from other medical personnel, which is in the hands of this Committee. Although no waiver has been granted by HEW as yet, the Medical Director informed our Committee that he felt that it would be granted if the Board of Supervisors agreed to a viable method of financing the correction of the safety items cited by HEW.

This Grand Jury hopes that a future Grand Jury will investigate the possibility of eliminating institutional care and the placement of recipients or eligible persons in private and non-profit hospitals or homes.

Security of linen within the Hospital was poor. Also, we were informed that the nurses tended to hide the linen on their floors because they were concerned that it would not be available when required. This information was fortified by the Committee when it reviewed the stock cards. It was noticed that on 10-8-75, 6504 items of linen were received (based on movement this appeared to be approximately 3 months supply) and on the same date 5304 items were requisitioned by the Hospital staff. In addition to this, we found that the inventory



## DEPARTMENT OF PUBLIC HEALTH (continued)

control of linen was weak in that the same person (who works for the Purchasing Department) orders the linen, issues it, records it on the stock cards and takes the physical inventory. It should also be pointed out that when physical inventories are taken, the totals only are forwarded to the Purchasing Department which passes them to the Controller's office which does nothing with the figures. The Controller was unaware of this fact until brought to his attention as a result of our investigation. It would appear from the above that it is very easy for linen to be stolen, or to be paid for but not received. We recommend that the Controller, the Purchasing Department and the Department of Public Health hold a meeting to improve the inventory control system and the security problems at the Hospital.

Approximately 1,000 paychecks are issued by the Payroll Department each week. Also, the Payroll Department makes up the requisitions for new jobs and prepares the payroll. There appears to be so little control that a terminated employee could be paid for some period of time without detection or another employee could misappropriate a terminated employee's check. We feel that controls would be strengthened if periodically the paychecks were issued by someone other than an employee of the Payroll Department and that each employee sign for his or her check at the time of receipt.

### EMERGENCY MEDICAL SERVICE

Because of the amount of time spent in other areas of the Department of Public Health, the Grand Jury made only a cursory investigation of the Emergency Medical Services.

We recommend that a continuing management system should be implemented that would give the Superintendent "ambulance response times by ambulance". The last information available on this was June of 1975.

Lloyd D. Luckmann

David R. Garrett, Chairman

## TREASURER

The Treasurer is charged by Charter and Government Code provisions to receive, disburse, invest and keep safely all of the funds of the City and County of San Francisco. This committee found that our present Treasurer, Thomas C. Scanlon, is performing the above duties in a most efficient and highly successful manner. Mr. Scanlon, Mr. Gin L. So, the Chief Assistant Treasurer, and Mr. Gerald P. Richardson, the Investment Specialist, were cooperative and courteous in every way and we are greatly appreciative.

In the fiscal year, 1974-75, the Treasurer had receipts in the amount of \$1,290,370,176 and earned \$26,292,785 in interest. During the present fiscal year, 1975-76, a new computerized system of cash flow and investment program which has been specifically designed for public funds management has been acquired. This system is known as "Moneymax" and even though it did not become operative until early in 1976, it is estimated that earnings will increase for the balance of the fiscal year in a sum in excess of \$1,000,000. This in spite of the fact that interest rates have been on the decline. This computer was installed at a cost of approximately \$60,000 and will cost about \$27,000 per year. The system has not been producing maximum results because the Investment Specialist has had to personally type all of the information into the computer, which is time consuming especially when his time and talents should be devoted to money market conditions and related matters. Fortunately, a clerk-typist position has been allowed in the 1976-77 budget.

We are concerned that this Investment Specialist is receiving such a low salary. It will be impossible to keep a young man with his qualifications on a salary of \$21,000. The three similar positions in the Retirement System pay almost twice as much or \$36,000 per year.

The Treasurer realizes a return of 8.86% on the limited investments he is allowed by law to make which compares to the 5.1% return to the Retirement System which has a wider choice of investments.

We feel we should call attention to the fact that the City loses over \$500,000 at tax collection time due to the fact that it takes some three weeks to get the tax receipts from the Tax Collector's office to the Treasurer for deposit.

We can see where additional employments and equipment in the department and in the Inheritance Tax Division and the assignment of an automobile would increase the efficiency of the office, but we realize that in the present fiscal condition of the City it is unreasonable to expect such additions to the budget and that they must wait for a future date.

It is expected that various banks will install direct tele-



## TREASURER (continued)

phone lines and brokerage houses will install computer terminals which will speed up the availability and use of the City's funds at no cost to the City.

The Grand Jury highly commends the Treasurer, his staff and department for their efforts and outstanding achievements in the service of the City and County of San Francisco.

## ASSESSOR

The committee met with Joseph E. Tinney, the Assessor, and his staff, and are most grateful for the courtesy and complete cooperation given us.

We found the office well run, efficient and in excellent order. The staff is experienced, capable and willing.

The committee was particularly interested in whether commercial and industrial property was assessed at a lower ratio to full cash value than was residential property -- particularly the single family home. We found that on the whole commercial property is assessed at a higher ratio to full cash value. Attached hereto is an appraisal sample prepared by the California State Board of Equalization for the year 1974-75 showing the majority of individual homes assessed at 16.4% of full cash value and the highest appraised commercial properties assessed from 23.7% to 26.9% of full cash value.

It is our belief that properties should be reassessed either up or down on an annual basis if warranted, so that a drastic reassessment does not occur in one year. The Assessor does not believe that he has sufficient staff to appraise all of the property in one year which we do not doubt. However, it is our understanding that most of this task can be accomplished by computer as is done in other counties and we strongly recommend that this be done.

Richard M. Sims, III

Spiron J. Tentes

Mrs. Clarissa McMahon, Chairman



**CALIFORNIA STATE BOARD OF EQUALIZATION**  
Property Tax Department

County 38 San Francisco

Roll Year 1974-75

**EXPANSION OF APPRAISAL SAMPLE**

Stratum	Assessments in Stratum *	Average Appraised Value in Appraisal Sample †	Estimated Full Cash Value (Col. 2 x Col. 3)	Average Assessed Value in Appraisal Sample ‡	Estimated Assessed Value (Col. 2 x Col. 5)	Ratio † (Col. 6 - Col. 4)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
SECURED ROLL #	1	4,531	\$ 4,300	\$ 19,483,300	\$ 1,117	\$ 5,061,127	26.0%
	2	111,323	33,856	3,768,951,488	5,547	617,508,681	16.4
	3	20,192	75,240	1,519,246,080	13,526	273,116,992	18.0
	4	8,825	149,201	1,316,698,825	28,213	248,979,725	18.9
	5	2,414	298,531	720,653,834	67,805	163,681,270	22.7
	6	1,474	776,064	1,143,918,336	183,964	271,162,936	23.7
	7	154	2,878,770	443,330,580	774,522	119,276,388	26.9
	8	151	9,013,322	1,361,011,622	2,136,683	322,639,133	23.7
	9	21	35,471,857	744,908,997	8,786,652	184,519,692	24.8
UNSECURED ROLL	11	22,359	2,148	48,027,132	411	9,189,549	19.1
	12	7,443	19,231	143,136,333	4,128	30,724,704	21.5
	13	1,625	52,177	84,787,625	12,446	20,224,750	23.9
	14	1,350	148,505	200,481,750	31,280	42,228,000	21.1
	15	482	288,667	139,137,494	60,875	29,341,750	21.1
	16	333	1,082,158	360,358,614	247,343	82,365,219	22.9
	17	44	3,146,984	138,467,296	684,594	30,122,136	21.8
	18	26	7,655,937	199,054,362	1,873,735	48,717,110	24.5
	19	2	83,447,958	166,895,916	20,544,956	41,089,912	24.6
	20 ††	1		200,000		18,514	9.3
Total			\$ 12,518,749,584		\$ 2,539,967,588	20.3%	

\* From Form R-812A.

† From machine tabulation of appraised and assessed values of properties in the sample.

‡ Exclusive of developed petroleum mineral or water rights in counties where such rights make substantial contributions to the total assessed value.

†† This stratum contains those sample items considered to be nonrepresentative of other assessments in the strata from which the items were originally selected

Date July 18, 1975 By R. H. Gustafson

## PUBLIC UTILITIES COMMISSION

The Public Utilities Commission consists of five members appointed by the Mayor. Their terms are for four years each, staggered for one term to expire on January 15 of each year, except that every fourth year two terms expire coincidentally, as was the case in 1976. Because of the death of a member, there have been three compositions of the Commission membership this fiscal year:

### Initial

H. Welton Flynn, President  
Joseph P. Byrne, Vice President  
Joseph J. Diviny (died August 14, 1975)  
Henry E. Berman  
Dennis V. Carey

### Interim

Henry G. Berman, President  
Dennis V. Carey, Vice President  
H. Welton Flynn  
Joseph P. Byrne  
Flora G. Douglas (for unexpired term of Joseph J. Diviny)

### Current

### Term Expires

John F. Henning, Jr., President	1/15/80
Dennis V. Carey, Vice President	1/15/77
H. Welton Flynn	1/15/79
Joseph P. Byrne	1/15/78
Lydia Larsen	1/15/80

Since Commissioner Carey is an announced supporter of Mayor Moscone, who appointed Commissioners Henning and Larsen, Mayor Moscone will have a majority of supporters on this important Commission from the start and for as long as he is Mayor.

The Commission sets policies and is responsible for the operation of the Hetch Hetchy Water and Power Department, the San Francisco Water Department and the Municipal Railway. The Commission staff is headed by John D. Crowley, General Manager; Dr. John M. Christensen, Jr., Assistant General Manager, Finance; and Thomas G. Flynn, Secretary and Assistant General Manager, Administrative. This managerial staff is supported by four Bureaus, namely, Accounts, Public Service, Personnel and Safety and Transportation.

The Public Utilities Commission operating budget for 1975-76 and as proposed for 1976-77 is:



PUBLIC UTILITIES COMMISSION (continued)

	<u>Actual 1975-76</u>	<u>Proposed 1976-77</u>
Bureau of Light, Heat and Power	\$ 8,041,621	\$ 10,162,293
General Office, PUC	866,597	871,397
Municipal Railway	77,353,669	84,619,936
Water Department	27,352,247	28,673,457
Hetch Hetchy Project	21,501,900	26,427,330
	<u>\$135,116,034</u>	<u>\$150,754,413</u>

It is estimated that the following sources of funds will be obtained to finance the 1975-76 and the proposed 1976-77 budgets:

	<u>1975-76</u>	<u>1976-77</u>
Revenues	\$ 74,095,147	\$ 81,186,787
Revenue sharing	7,107,187	9,500,000
Inter-fund receipts	7,137,373	7,300,802
Trans. Dev. Act. Fund (MTC)	4,092,478	4,100,000
Transit Asst. Program (Federal)	6,200,000	6,500,000
Ad Valorem Taxes	36,433,849	42,166,824
	<u>\$135,116,034</u>	<u>\$150,754,413</u>

During the past five years, Hetch Hetchy and the Water Department of the PUC have contributed from \$6 to \$14 million annually, averaging nearly \$10 million per year, to the general City welfare.

Among the lesser known functions of the Commission staff, under the Bureau of Accounts, is operation of a data processing system. This PUC Computer Center has been of great value to Hetch Hetchy and the Water Department for such purposes as systems operational and construction analysis, cost analysis and control, continuous inventory of stock supplies and indication of purchasing requirements, preparation of payroll and for many incidental and special problems. In the past two years the Muni has increased its use over 12%. With the New Transit Information Management System (TIMS) Muni's use of the Computer Center will increase to over 50% of the computer's time. This increased use of computer information will be of significant value in improving the efficiency, quality and cost of Muni operations.

The 1974-75 Investigatory Grand Jury issued a special report on the financial difficulties in the lease for the Sunol Valley Golf Course. Beginning in 1970, the original leaseholder began to skip rental payments and pile up other liabilities. By early 1974, when the rental arrears totalled \$306,000 a newly formed partnership took over the lease. Some of the principals of this new lease were later found to be gangster associates with known criminal records. During all this time and until November 1974, when the Commission staff returned the Golf Course to the original lessee, almost unbelievably ridiculous delays and misrepresentations in promised payments and purported financial arrangements took place.



## PUBLIC UTILITIES COMMISSION (continued)

The 1974-75 Investigatory Grand Jury Special Report severely criticized Manager Crowley and Assistant Manager Christensen and recommended that the Commission secure their resignations and that suspension and removal procedures be initiated against Commissioner Flynn. It also strongly intimated that Mayor Alioto had been involved in protecting the questionable take-over lessees and failed to fulfill his responsibility of initiating a thorough inquiry into the extraordinary dealings. As a result of the Grand Jury's Special Report, the Commission voted on September 10, 1975, to censure General Manager Crowley and Assistant General Manager Christensen.

However, although it is clearly evident that several City officials were lax in this complicated situation, the present Civil Grand Jury recommends that the matter be dropped since there has been a satisfactory settlement of the lease arrangements -- all back rentals have been paid and there are no current arrears -- and since the Commission has adopted much more stringent rules to prevent future lease difficulties.

As a final note to this matter, Supervisor Quentin L. Kopp has asked the City Attorney to prepare a Charter amendment which will provide for the Board of Supervisors' approval on all PUC leases or contracts respecting property let for 10 years or more and involving capital improvements by the lessee of \$100,000 or more. If adopted, this will supplement and strengthen the rules already adopted by the Commission, which, however, could be changed by a later Commission.

## MUNICIPAL RAILWAY

The Interim Report on Deferred Maintenance issued by this Grand Jury on May 3, 1976, pointed out that "the Muni has been allowed to deteriorate over the last ten years". This deterioration and that of other City facilities was attributed largely to the fact that the Mayor's office and the Board of Supervisors have chosen to keep down taxes by insufficient funding of maintenance of City facilities rather than reducing other services. The report of the 1973 Grand Jury recognized this fact but also was highly critical of Muni management and operation as being "antiquated" and expressed doubts that the new equipment being ordered would correct the deficiencies.

On the other hand, the report of the 1974-75 Investigatory Grand Jury was highly optimistic and, although it made several constructive suggestions, strongly commended the Muni management. It also presented a thorough description of the improvements being made, both in physical equipment and in management. This report will not duplicate these details and will discuss only some of the more recent developments and remaining problems.

## MUNICIPAL RAILWAY (continued)

The current Grand Jury agrees in part with both former reports referred to. The Muni today is certainly in a state of flux--much has been done and a tremendous improvement program is under way. But much remains to be done, particularly in the efficiency of carrying out the improvement program and in operating and maintaining the improved system efficiently. For example, when representatives of this Grand Jury visited the Muni offices and shops at the old Geary Street carbarn, it seemed to us that, while top management was highly optimistic and innovative, this high morale and spirit of cooperation did not extend down to middle management and general staff. There appeared to be a feeling of frustration and resistance to change from the status quo. Perhaps some of this is due to the long neglect of Muni which naturally would discourage initiative and satisfaction. The morale of the employees did not compare with that so clearly evident at Hetch Hetchy and the Water Department. If Muni is going to be the big success anticipated, this attitude must be overcome. Adequate funding and filling key vacant positions would help alleviate this problem.

The Grand Jury is aware that there have been numerous complaints alleging rudeness on the part of Muni drivers as well as examples of courtesy by particular drivers. We hope the latter practice becomes the rule. While the Grand Jury recognizes the pressure placed on drivers, the entire Muni suffers when drivers are discourteous to passengers. We also note that the bus stops are frequently occupied by vehicles, thereby preventing the drivers from safely loading and discharging passengers as well as impeding the flow of traffic. We recommend strongly therefore, that there be stricter enforcement of the appropriate code section prohibiting such improper use of these zones.

Another example of less than top quality performance is the current Planning, Operations and Marketing Study for selection of a site for a motor coach storage and service facility, for which the services of a Consultant were used. At the meeting of the Transportation Study Coordinating Committee at City College on May 20th, which representatives of this Grand Jury attended, a presentation was made of Balboa Reservoir as the most suitable location. Objections to this site had been raised previously on the basis of traffic congestion on Ocean Avenue, excessive noise levels in view of the type of community and deterioration of air quality. Some of the proposals presented for traffic improvement and noise containment were so inadequate that they were howled down by the full auditorium of spectators. As a result, the TSC voted unanimously to reject further consideration of the site. It seemed obvious to us that the already difficult traffic conditions on Ocean Avenue and the close proximity of City College and Riordan High School, as well as the general quality of the residential neighborhood, should have ruled out this location from the start. More down-to-earth common sense is needed in this type of Muni planning.



## MUNICIPAL RAILWAY (continued)

Not all of the fault, however, lies with Muni organization and personnel. The Muni must be freed from politics. For example, Muni cannot now make route changes or abandon service on an unpatronized line, such as some now paralleled by BART. Muni cannot even decrease the frequency of service without approval of the Board of Supervisors. This is a ridiculous way to operate a railway or any large business. This is a matter of operation planning -- a management decision, and shouldn't have to be approved by the Board of Supervisors at all. It should be left to Muni management with PUC having review and veto power.

Furthermore, as was pointed out in the Interim Report on Deferred Maintenance previously referred to, political budget reductions for maintenance are actually increasing proportionately so that, "in spite of several hundreds of millions in federal and state grants and advances, San Francisco is still falling behind in maintenance -- and at an increasing rate." We must not permit political expediency to nullify the gains of the improvement program by deleting funds for adequate maintenance. The trend of recent years must be reversed to maintain and continue to improve our new Muni.

Another current procedure that should be changed is the Civil Service rule or tradition that higher level jobs should be filled on a promotional basis, with priority to former "platform" men. While we approve the principle of encouraging employees to seek advancement, mandatory promotional examinations generally are not conducive to bringing in new blood with the high level of experience and technical skills to direct improvement and operation of a new Muni. Outside recruitment of upper level supervisors should be allowed. Some of this has been solved by turning over to Hetch Hetchy all improvements and maintenance of the electrical supply system and by transferring a few high level men from other departments.

Changes in personnel attitudes and procedures come slowly, but they are in process. One major example is the greatly increased use of the PUC Computer Center mentioned in the PUC section of this report. This should greatly improve several phases of Muni operation, including planning of equipment maintenance and facility changes and construction, maintaining current inventories, purchasing needs and schedules, and scheduling the use of manpower and equipment.

The Muni is San Francisco's largest revenue producing department but also requires the largest support from other sources, including ad valorem taxes. A summary of approximate budgeted expenditures and sources of funds for the current year and as estimated for 1976-77 follows:



## MUNICIPAL RAILWAY (continued)

	<u>1975-76</u>	<u>1976-77</u>
Expenditures, including capital	\$77,300,000	\$76,000,000
<u>Sources of Funds</u>		
Revenue generated	\$25,200,000	\$25,500,000
Transportation Development Act	4,100,000	5,500,000
Federal Mass Trans. Assistance	5,500,000	6,200,000
Revenue Sharing	7,000,000	5,000,000
Ad Valorem Taxes	<u>35,500,000</u>	<u>33,800,000</u>
	\$77,300,000	\$76,000,000

In addition, Muni receives some \$5 million support funded and performed by Hetch Hetchy in its Transit Power Division for all improvements and maintenance of the electrical supply system.

Although it is a big job with many important problems still to be solved, it appears that the reorganized Muni, under general direction of the PUC and with cooperation from the Mayor and the Board of Supervisors and with some changes in Civil Service procedures, should be adequate to handle the job. General Manager, Curtis E. Green, Sr., and his top staff have been responsive to changing conditions and have shown good managerial ability.

## WATER DEPARTMENT

The Water Department is under the able direction of Arthur H. Frye, Jr., General Manager, and Kenneth R. Boyd, Assistant General Manager. The Department was formed by purchase of the Spring Valley Water Company, whereby it gained control over nearly 100 square miles of land. For operating purposes the system is divided into three divisions. The Alameda Division is within the drainage basin of Alameda Creek in southern Alameda County and northeastern Santa Clara County and includes Calaveras and San Antonio Storage Reservoirs. Water is also produced from underground sources at the Sunol infiltration galleries and the Pleasanton Wells, but these sources are partially curtailed temporarily because of excessive mineral content. The Peninsula Division is within San Mateo County and northwestern Santa Clara County and includes Pilarcitos, San Andreas, and Upper and Lower Crystal Springs Storage Reservoirs. The City Distribution Division contains terminal and distribution reservoirs, tanks, pumping stations and some 1200 miles of underground mains.

The Department currently receives approximately 78% of its total water supply from the Hetch Hetchy Aqueduct, which terminates at

## WATER DEPARTMENT (continued)

the Pulgas Water Temple at the head (southern end) of Upper Crystal Springs Reservoir. This water also can be taken directly into the City mains via the Crystal Springs By-Pass Tunnel, which increases the effectiveness of this reservoir both in storage regulation and in permitting turbid water from heavy local rains to settle and clear itself, thus avoiding the need for filtration. Since the supply from local sources cannot be increased, the amount from Hetch Hetchy will increase accordingly up to its design capacity of 400 MGD, or nearly double the current delivery from this source.

All of the water, both from local sources and from Hetchy Hetchy, is one of the purest and most potable supplies of any major metropolitan area in the United States and requires only mild chlorination, principally as an insurance for health reasons. Great effort is made to keep the water pure and clean at all times. The water serves an estimated 1-3/4 million people within the City and County of San Francisco, most of the urban area of San Mateo County, the cities of Palo Alto, Mountain View, Sunnyvale and Milpitas in northern Santa Clara County, the Hayward and Sunol areas and a portion of the Fremont area of southern Alameda County. Since San Francisco's use increases but slowly, most of the increased demand is from the suburban areas, which now purchase nearly 2/3 of the total amount distributed.

The Department requested a water rate increase to keep up with increasing costs in 1974. This was fought both politically and in the courts by suburban and City users. The suburban users obtained a preliminary injunction preventing implementation of these rates in U. S. District Court. As a result, the increase of 20.5 percent for suburban users and 14.5 percent for City users was reduced to a uniform increase of 17.4 percent, effective on January 17, 1975.

Due again to increasing costs, the Department requested a 15 percent uniform increase in water rates early in 1976. The Board of Supervisors rejected this rate as being too high, but agreed to release impounded funds from the sale of Department lands for Highway 280 in the amount of approximately three million dollars, and asked that consideration be given to establishing a householders' discount which could also be termed a "lifeline" rate. The original proposal was finally reduced to a combined low purported "lifeline rate" with a general increase of 5.75 percent thereafter. Suburban customers again have filed an action in the U. S. District Court seeking a further preliminary injunction against implementation of this most recent rate increase.

While water rates are too complex for this Grand Jury to consider realistically, we have determined in a special study of "Deferred Maintenance" that the Water Department has been falling behind for several years and has an accumulated backlog of several million dollars of deferred maintenance. In view of the escalating costs of materials, equipment and labor, it is our opinion that a 5.75% rate



## WATER DEPARTMENT (continued)

increase will be inadequate to keep pace with increasing costs, and certainly insufficient to liquidate the backlog of deferred maintenance.

The Water Department since its formation has been entirely self-supporting, with all costs of operation, maintenance, taxes and bond interest and redemption being paid from revenues. It is extremely important that the water rate continue to be adequate to pay all costs, including adequate maintenance, otherwise the City would in effect be subsidizing the suburban users, whether by a direct ad valorem tax increment in the budget or indirectly, such as by limiting its payment to Hetch Hetchy for water delivered. Since the suburban use exceeds that of the City and is increasing at a much faster rate, the degree of subsidy would increase to the detriment of San Franciscans. We recommend that the water rates be set on a strictly economic basis to adequately cover all costs with some surplus to accumulate a fund for emergency use and for depreciation to cover replacement as necessary.

As was pointed out in the special report on "Deferred Maintenance", for several years the Department has been replacing its 1200 miles of underground mains at a totally unrealistic rate of only about two miles per year. The largest expenditures for reconstruction or replacement have been for service connections from the mains to and including the meters. While this work is necessary to keep the services operating and the revenue coming in, the inadequate reconstruction or replacement of mains is asking for trouble. Likewise, in common with most other departments, requested funds for automotive renewal are frequently reduced or deleted, causing excessive costs for maintenance and lost time and decreased safety for personnel.

A substantial amount of lands under jurisdiction of the Water Department are leased. Although the Department was in no way involved in the fiasco over the Sunol Golf Course, authority over this facility having been reserved by the PUC to its own General Office, the subsequent more stringent rules adopted by the Commission to govern lease procedure has resulted in increased revenues from Water Department leases, these now aggregating nearly a million dollars per year. A plan for low intensity development of 4000 acres of lands in San Mateo County for limited recreational use is under consideration.

Total budgets for the Department have been:

<u>1974-75</u>	<u>1975-76</u>	<u>1976-77 (Proposed)</u>
\$25,149,951	\$27,352,247	\$28,650,000

This Civil Grand Jury has found Water Department personnel with which it has come in contact to have a high morale and to have a true interest and pride in their work. It sincerely compliments Mr. Fry and Mr. Boyd for their excellent leadership in directing the Department.



## HETCH HETCHY WATER AND POWER DEPARTMENT

The Hetch Hetchy Water and Power Department, including the Bureau of Light, Heat and Power, is under the able direction of Oral L. Moore, General Manager. The Hetch Hetchy system operates three main water storage reservoirs and three principal hydroelectric generating plants on the Tuolumne River basin in the Sierras. It also operates an extensive system of water tunnels and pipelines to convey water some 116 miles by gravity from the outlet of the lowest power plant to Crystal Springs Reservoir of the Water Department in the Coast Range Mountains in San Mateo County. Also, by agreement with the Modesto and Turlock Irrigation Districts, the City cooperated in the construction of New Don Pedro Reservoir and thereby acquired the right to an amount of "exchange" storage in that reservoir approximately equal to the total of that in its own reservoirs. This is valuable to the City both in power generation and in assuring ultimate delivery of 400 million gallons daily to meet the City's projected requirement for municipal water supply.

The Hetch Hetchy Department, since July 1, 1969, through a newly formed Transit Power Division, also has provided improvements, operated and maintained the electric facilities of the Municipal Railway and has assumed control of the Overhead Lines and Motive Power Sections of the Muni.

All departmental operating costs, capital improvements and bond interest and redemption, including those of the Transit Power Division, are supported by Hetch Hetchy water and power revenues.

The Hetch Hetchy system is a valuable financial asset to the City. In addition to requiring no support from tax sources, the Department makes substantial financial contributions to other departments and to the general City welfare. During the five years 1970-71 thru 1974-75, these have ranged from \$3.5 to \$9.0 million per year and have averaged \$6.3 million per year for this period, as follows:

Support to Municipal Railway	\$3.3 million
Discounted Power to City Departments	1.8 "
Interest on Utility Funds (Held by Treas.)	1.0 "
Surplus transferred to General Fund	<u>0.2</u> "
TOTAL	\$6.3 million

Because of the record dry year in 1975-76 and the 38 day strike of City workers, the Department lost an estimated \$3.09 million in power revenues, as follows:

Decreased generation due to dry water year	\$1.75 million
Shutdown of power plants due to strike	<u>1.34</u> "
TOTAL	\$3.09 million

## HETCH HETCHY WATER AND POWER DEPARTMENT (continued)

This will substantially reduce the Department's normally anticipated surplus and will certainly make impossible any contribution to the General Fund.

The Bureau of Light, Heat and Power administers contracts for furnishing electric, gas and steam services to municipal departments and handles monthly billings. It also administers contracts for furnishing street lighting services and for operation and maintenance of City-owned street lighting. Financing, design and construction of City-owned street lighting improvements are under the jurisdiction of the Department of Public Works, and plans for these improvements must be approved by the Public Utilities Commission through this Bureau. The Bureau is financed by payments from municipal departments and from gas tax funds.

For fiscal year 1975-76, the Department administered budgeted funds for all purposes as follows:

<u>Budget</u>	<u>Number of Employees</u>	<u>Total Amount Appropriated</u>
Hetch Hetchy Water and Power	199	\$17,326,454
Hetch Hetchy Water and Power (Transit Power Division)	52	4,505,194
Bureau of Light, Heat and Power	<u>11</u>	<u>8,041,621</u>
TOTAL	262	\$29,873,269

The 1973-74 Grand Jury Report made a strong recommendation that the City acquire the P. G. & E. distribution system in San Francisco in order to stop violating the requirements of the Raker Act and "bring our power home." The 1974-75 Investigatory Grand Jury partially refuted the practicability of this recommendation. However, it failed to cite some additional important reasons why this would be impractical, if not impossible.

Even if it were available for sale to the City, the extensive San Francisco electric distribution system of the P. G. & E. would be far beyond the City's capacity to finance thru bond sales. Actually, in the past when both costs and interest rates were much lower than now, San Francisco voters turned down bond issues for this purpose on eleven occasions.

Hetch Hetchy has less difficulty with deferred maintenance than most City departments, probably because it is the most lucrative revenue producer. However, in 1975-76, an \$800,000 request for relining a section of San Joaquin pipeline was cut from the budget. This has been included in the 1976-77 budget at \$900,000 due to increased costs. This \$100,000 loss to inflation is certainly false economy. In common with most other departments, funds for automotive renewal



## HETCH HETCHY WATER AND POWER DEPARTMENT (continued)

have frequently been deleted, causing excessive costs for maintenance and lost time and safety problems for personnel. This chronic fault of budget procedure should be changed to a more realistic and economical attitude.

In the reach of the Tuolumne River between Early Intake and the headwaters of New Don Pedro Reservoir, there is 1400' of undeveloped head with a potential generating capacity of 400,000 kw. However, the U. S. Congress has voted to include the Tuolumne River for study as a wild, scenic or recreational river under the so-called "Wild Rivers Act." This study is now in progress under jurisdiction of the U. S. Forest Service and the Bureau of Outdoor Recreation. San Francisco and the Modesto and Turlock Irrigation District, which share rights of potential development with the City, and Tuolumne County which has an interest in the additional water that would be developed, are cooperating in opposing any limitation of this proposed development. Two studies have been made by a consulting engineering firm engaged by the City of a scheme of development that appears attractive.

Hetch Hetchy had included \$200,000 in its 1976-77 budget request for further studies of possible alternatives and improvements to the hydroelectric system, but this was deleted by the Finance Committee of the Board of Supervisors. It is recommended that the City continue to pursue vigorously studies for modifications or improvements in Hetch Hetchy's hydroelectric generating facilities which can improve power revenues.

This Civil Grand Jury commends Mr. Moore and the entire Hetch Hetchy Department staff for their high morale and active interest in the welfare of the City and for their diligent and efficient operation of the Department.

Harold J. Bentson

Mrs. Clarissa McMahon

Maurice L. Dickinson, Chairman



## CHIEF ADMINISTRATIVE OFFICER

The Chief Administrative Officer of the City and County of San Francisco is appointed by the Mayor and is subject to confirmation and approval by the Board of Supervisors. His tenure runs until retirement age, but he is subject to popular recall and can be subject to suspension and removal by a vote of not less than two-thirds of the Board of Supervisors.

Mr. Thomas J. Mellon, appointed in 1964, is the Chief Administrative Officer, and has been granted tenure past normal retirement age, and will retire at the end of August 1976.

The Chief Administrative Officer is responsible to the Mayor and the Board of Supervisors for the administration of all affairs of the City and County of San Francisco that are placed under his jurisdiction:

- Agriculture and Weights and Measures
- Farmer's Market
- Coroner
- Department of Electricity
- Department of Finance and Records
- County Clerk
- Recorder
- Public Administrator
- Registrar of Voters
- Records Center
- Tax Collector
- Department of Public Health
- Department of Public Works
- Purchasing Department
- Real Estate Department

This Committee of the Civil Grand Jury is primarily concerned with these matters under the jurisdiction of the Chief Administrative Officer, namely:

- A. Yerba Buena Convention Center
- B. Disbursement of the Hotel Tax
- C. Possible elimination of the office of Chief Administrative Officer

### A. Yerba Buena Convention Center

The land consists of 80 acres total, 40 of said acres to be devoted to public use -- a convention building, underground parking area and malls. The remaining 40 acres are for private use, such as office buildings fronting Market Street and the borders of the entire project.

## CHIEF ADMINISTRATIVE OFFICER (continued)

Presently the value of the land is estimated at \$39 million.

\$162 million is to be allocated for construction of the convention center, underground parking area and a mall. This is to be covered under a \$210 million Revenue Bond Issue. A lawsuit has been instituted to stop the issuance of said bonds based on the theory that the bonds are General Obligation Bonds, and as such exceed the Charter's statutory limitation on General Obligation Bonds.

The Superior Court, to this date, has ruled in favor of the City, but a forthcoming appeal from the ruling will result in an approximate nine month delay.

Mayor Moscone, however, has formed a 17 person committee for a new study of the entire project. As a consequence the project is in limbo.

### B. Hotel Tax

The Hotel Tax in 1974-75 yielded \$7.5 million at the rate of 6% of hotel room revenues. Approximately \$2,970,000 was disbursed by the Chief Administrative Officer, (i.e., promotion and advertising in the amount of \$1,206,000; major special events, \$70,000; and for cultural purposes \$1,693,900.)

The original Hotel Tax was 3% and a few years ago the ordinance was amended to increase it to 6%, providing 44% for the Yerba Buena Convention Design and development, 8% for Candlestick Ball Park improvement, bond interest and redemption, and the balance for specific items in dollar amounts for civic functions.

### C. Possible Elimination of the Office of Chief Administrative Officer

The Board of Supervisors has been discussing the possibility of eliminating the office of Chief Administrative Officer with the idea of permitting a strong Mayor to control the destiny of the City and County of San Francisco.

Various departments under the jurisdiction of the Chief Administrative Officer have come under fire in the past year, particularly the Registrar of Voters because of illegal registration and voting of non-residents. Such action has resulted in criminal actions being filed against said persons.

Inasmuch as this deplorable situation is the result of poor management on the part of the Registrar of Voters, who reports to the Chief Administrative Officer through the Department of Finance and Records, the Grand Jury has handled this office in a separate report from another Committee of the Civil Grand Jury.

## CHIEF ADMINISTRATIVE OFFICER (continued)

The unwarranted delay in the construction of the new San Francisco General Hospital is an example of lack of coordination by the staff of the Chief Administrative Officer and the Department of Public Works and Public Health. This is the subject of a report from another Committee of the Civil Grand Jury.

The question of maintaining the Chief Administrative Officer is presently moot. The question arises as to the need of perpetuating the office under the present Charter terms, or the total elimination of said office. Whether the office be maintained with a time limit on the occupant or should be eliminated is another aspect of the problem.

### LACK OF MIDDLE MANAGEMENT TALENT

It is a fact that the City and County of San Francisco lacks middle management material. The fiasco of the Registrar of Voters is a typical example of that lack of middle management. To our way of thinking, if such fault was obvious, guidelines should be forthcoming from the leader or head, namely the Chief Administrative Officer.

A personnel function originally assigned to the Chief Administrative Officer by ordinance of the Board of Supervisors, was the Employees' Relations Division.

This division was to be responsible for meeting and conferring with employees' organization and personnel on matters such as grievances, working conditions, benefits, and in the future; salaries and wages. This work is basically a personnel function and should be reallocated in the personnel department which will have the necessary resources, experience and historical files and documents to administer employee relation programs.

### TRAINING FOR MID-MANAGEMENT AND TOP MANAGEMENT PERSONNEL

The Chief Administrative Officer and his staff indicates a definite need in this area. Because of the merit system and a policy of promotions from within, it is extremely difficult to bring outside management personnel into the City at mid-management level positions; as a result, promotions are made with heavy emphasis on seniority.

The City had management training programs at various universities throughout the City which permitted employees who would not otherwise have been qualified for management positions to be qualified following completion of the college level management training curriculum. This program is no longer funded.



## CORONER - CHIEF MEDICAL EXAMINER

City officials often times have stated "when it comes to spending money in the City and County of San Francisco, we'll spend it on the living and not on the dead". Very few people stop to consider that the majority of the work of the Coroner's office is to help the living.

We must realize that the Coroner's office by historical and legal custom speaks for the dead person. The Coroner's office diagnoses the cause and manner of death -- detailing what happened, when and how.

Testifying in court as an expert witness consumes a major portion of the Coroner's time. Yet this testimony constitutes a major function of this office and the judicial process. Of great importance is the assurance that a criminal charge is based on facts, and the medical-legal aspects are accurately and unbiasedly interpreted.

Since this office is responsible for determining the cause and manner of death other than natural, the investigation must be as complete and accurate as possible. It must be rapid but exacting. A determination of death by suicide, homicide or accident must be supportable beyond a reasonable doubt. Such decisions have far reaching ramifications.

Basic statistics on drug deaths and accidents are determined here. Data and direct aid for basic research in detecting treatment or preventing unnecessary accidental deaths.

A city like San Francisco deserves a "top notch" Medical Examiner's office. To do so improves and benefits the living many ways directly -- and in many more by indirect or sometimes intangible means.

There are many areas of badly needed change in this office, the majority of which require money. There are several ways of bringing money and staff into the office without increasing the burden on the taxpayers, many of these are made difficult-to-impossible by county generated red-tape.

Ironically, money generated by this office goes into the City coffers without return to improve service or equipment.

The need for a copy machine has been explained numerous times in the anticipated budget, but each time it is blue-pencilled out of the budget. The copies made now, by the use of other department copy machines returns \$7,000 yearly to the City, and nothing to the Coroner's office.

As to all City departments, the Coroner's office is no exception to the need for updated equipment, staff and better training for its deputies.

## CORONER - CHIEF MEDICAL EXAMINER (continued)

The present Coroner - Chief Medical Examiner is Boyd G. Stephens, M.D., who operates under a budget of \$596,898. He and his staff presently handle 254 plus cases a year in a most commendable manner.

## DEPARTMENT OF ELECTRICITY

This department is one of many under the jurisdiction of the Chief Administrative Officer of the City and County of San Francisco, Mr. Thomas J. Mellon.

The Department of Electricity is administered under the able guidance of Burton H. Dougherty, the General Manager.

The department continues to fulfill its responsibilities and performs its function through organization of five divisions: Administration (including Accounting), Electrical, Mechanical, Radio and Fire Alarms Operations. The expansion, improvement and upgrading of the communications systems for all City departments continued throughout the year.

In last year's annual report it was indicated that "911" telephone service could be made available by the department in September 1975. Because of the lack of available funds, it now appears that this service will not be provided until sometime in the future.

The "911" system is one in which a common phone number would be used, namely "911" as an emergency number that would tie into all Police, Fire and other emergency services. Nearly every large city in the United States, with the exception of those in California now has this system in operation.

We contacted Ms. Ann Pagent, Administrative Assistant to Supervisor Al Nelder, and she stated that the proponents of the "911" system requested that the proposed "911" system be held in abeyance until after the State bill regarding the "911" system is passed in Sacramento.

The State by virtue of 1/2 of 1% on the tax of the use of the telephone would realize \$12 million, which would be used to finance the system.

This money would be used to put in the fundamentals of the system, it would not provide for the people or the buildings to house the system. The system, depending upon its nature, i.e., highly sophisticated or simple, would determine the amount the State would partially pay or underwrite the implementation of the "911" system.

DEPARTMENT OF ELECTRICITY (continued)

Presently Alameda County has the only "911" system in operation, but the State will not underwrite that system. The State will not underwrite any existing system, but will underwrite in part systems that come into existence after the passage of the State bill.

The Finance Committee of the Board of Supervisors has made a do pass recommendation for the "911" system, but it will not be heard until after this report is filed.

The division maintains an orderly system of recording costs and revenues which are compiled and reported to management in timely periodic reports.

For cost control of labor, material, services and equipment the division maintains approximately 70 (seventy) cost accounts as well as accounting for individual budgetary line items. Also, the division during the fiscal year 1974-75 compiled costs for 236 individual work orders, special jobs, and projects, an increase of 4% as compared to the fiscal year 1973-74.

Inasmuch as the yearly fiscal report of 1975-76 will not be available until September 1976, we had to rely upon the past fiscal report for our data.

Maintenance includes all damages without offset for collection.

Fire and Police maintenance includes radio maintenance and engineering, electrical overhead construction, teletype and telephone systems, switchboard and related equipment at the Hall of Justice, and all fire house stations.

Administrative and overhead costs are assigned to the above functions on a pro rata cost basis.

The Department of Electricity services the following departments with the allotted drain on the department's budget:

Fire and Police Communication	36%
Traffic Signal Maintenance	23%
Parking Meter Maintenance	18%
Fire Alarms	8%
Miscellaneous	15%
TOTAL	100%

Harold S. Dobbs

Jesse Lemus

Alan A. Rosenbaum, Chairman



## SAN FRANCISCO POLICE DEPARTMENT

### INTRODUCTION

1975 was a disastrous year for police/community relations. The strike, the considerable acrimony between the Bureau of Inspectors and the Police Officers Association, and the lack of support for the new Chief by members of the Department all bear witness to this grim evaluation. Yet, there is considerable hope that the new administration, with an expanded Police Commission that clearly has demonstrated competence as well as concern can come to grips with these problems and reverse the direction of the Department in 1976. The Grand Jury has studied a number of matters related to the operations of the Police Department and is offering its recommendations in the body of this report. A caveat is appropriate. We have noted below certain problems of the Department which clearly predate the tenure of the present Chief. As well, we have attempted to set forth our ideas as to the wisdom of certain policies Chief Gain wishes to initiate. Let us say at the outset that though we praise certain steps he has taken and find fault with others, we firmly believe that we are not in a position to evaluate his long range policies since he has not been given the opportunity to effect the type of reorganization and implementation of policies that he desires. Therefore, it is in this context that we wish our report to be viewed.

### STRIKE

In August of 1975 the Police and Fire Departments went out on strike. The Grand Jury conducted an investigation to determine whether the strike was in any manner supported or controlled by any outside forces including national or state labor organizations. We also investigated the apparent lawlessness of the leaders of the strike in evading court process as well as the responses of City officials to charges that the striking policemen had allegedly committed acts of vandalism.

After receiving considerable testimony and reviewing documentary evidence, we found no merit to the allegations that the Teamsters, or any other national union organization, attempted to control the strike. To the contrary, we have concluded that the responsibility for the decision to strike, as well as the supervision of strike negotiations, rests squarely on the shoulders of the president of the Police Officers' Association, Sergeant Gerald Crowley. Sergeant Crowley's action in calling for the strike before receiving the informal sanction of the San Francisco Labor Council evidenced a certain willfulness that characterized many of his actions during the course of the strike. For example, he refused to permit secret balloting of police officers on the question of whether to strike, thereby rendering the results of these polls suspect. For this reason the vote appeared to be less a reflection of true rank and file sentiment than the result of group pressure. We note that the Fire Department permitted the secret

SAN FRANCISCO POLICE DEPARTMENT (continued)

balloting of its members. Also, the specter of a police "bodyguard" thwarting the attempts of the City Attorney's representative to serve an order of the Superior Court upon Sergeant Crowley could only cause the citizens to question the dedication of these individuals to the rule of law. These actions -- and we emphasize that they were the actions of a few -- brought disgrace upon the entire Department.

We are aware that Sergeant Crowley has apologized to the citizens of San Francisco and that the Police Officers Association has paid his fine to the Court. To our knowledge there still has been no settlement for the acts of vandalism which allegedly were caused by striking police officers. To date no official redress has been taken by either the Department or the City Attorney's office.

What is even more regrettable is that these ill considered actions on the part of Sergeant Crowley tend to cloud the very real issue that was at the basis of the strike -- namely, that the wage setting mechanism traditionally employed by the Board of Supervisors but rejected on this occasion left nothing in its place for the resolution of the wage issue.

There is no need to detail here the course of negotiations which ultimately lead to an emergency being declared by the Mayor and a strike settlement imposed upon the citizens. The voters have responded to this conduct by withdrawing certain powers previously granted to the Mayor. Whether this was wise in light of anticipated labor difficulties remains to be seen. However, we are not in a position to pass judgment on these issues. Rather, we wish to recommend that immediate consideration be given to the implementation of a collective bargaining arrangement that would be consistent with the public need to have emergency services provided at all times. We do not recognize that public employees who provide emergency services have the right to strike. The very fact, however, is that they do strike and therefore we must now, while we have the opportunity to reflect and to act, consider the appropriateness of establishing a procedure which would allow the police to negotiate the terms of their wages and working conditions. It is likely that unless and until a sensible collective bargaining system is developed there will continue to exist the pressure to "unionize" the Department. Although we found no evidence of a desire by police organization officials to affiliate with a state or national union, we are concerned that lacking a method by which the police can express their legitimate demands, there will be a retreat towards militancy which may take the form of an affiliation with a national union.

Therefore, we wish to urge the Mayor, the Board of Supervisors, and the Chief of Police, as well as representatives of all police organizations, to submit proposals for resolving labor disputes. Nothing is gained by recourse to so-called "get tough" ballot measures which are punitive in nature since they do not bring about an intelligent resolution of basic conflicts. Rather, they legislate rigidity into a



## SAN FRANCISCO POLICE DEPARTMENT (continued)

system when what is needed is flexibility. Both the citizens of San Francisco and the Police Department are entitled to a mechanism which will insure the resolution of labor conflicts without the necessity of resorting to strikes.

### ACCIDENT INVESTIGATION BUREAU

For many years the Accident Investigation Bureau has devoted considerable effort in investigating the causes of particular accidents in which there was no ostensible public safety purpose. In these instances where there is no serious physical injury or immediate traffic danger, there appears to be little reason for the police to conduct investigation on behalf of insurance companies. Of course, there will be instances where either arrests or citations have been made and therefore the police, in order to gather the evidence, will have to investigate the cause of an accident. But without these special circumstances, and in light of the urgent need for police in other areas of law enforcement, we recommend a re-evaluation of the duties of this Bureau with the objective of reducing the number of personnel assigned to it.

### CRIME LAB

There is no question that the Crime Lab is a disgrace. Exhibits fill every available space including chairs and the floor areas. Frequently evidence is simply stacked on counter tops and has been known to be misplaced. Security, including chain of custody, as a practical matter, is virtually non-existent. Furthermore, analysis equipment is out of date and inadequate to meet present needs. Despite these absolutely intolerable conditions, the personnel, through their dedication and expertise, render valuable assistance to the Police Department and District Attorney's office. However, it is only a matter of time before it will likely cease to function as a necessary aid to these departments. Clearly, the facilities must be expanded and the lab must be modernized. To do this will, of course, involve the expenditure of additional sums of money. No where else in this report have we recommended additional expenditures. Therefore, our recommendations in this area should be viewed in this light and should underscore our deep concern that immediate corrective action is imperative. Additionally, we recommend that the Department explore the possibility of contracting out some of the more sophisticated laboratory work to regional laboratories.

### COMPLAINTS OF POLICE MISCONDUCT

The Department is now considering a proposal offered by the San Francisco Bar Association for a new procedure for the investigation of complaints of police misconduct. This proposal provides for a staff separate and independent of the Department and responsible to the Police Commission.



## SAN FRANCISCO POLICE DEPARTMENT (continued)

The Grand Jury recommends that before the Commission abandons the former practice of utilizing an internal affairs bureau, careful inquiry should be made as to whether the organizational structure of that bureau necessarily precludes a fair investigation of these complaints. A major criticism frequently heard has been the charge that the police cannot investigate allegations involving criminal wrongdoing of its members. We note that it is the present policy of the District Attorney to conduct his own investigation into charges of illegal police conduct. We believe this policy is entirely appropriate since the District Attorney is the chief law enforcement officer for the City and County of San Francisco.

What concerns us with the Bar Association proposal is that it delegates certain responsibilities to an agency independent and apart from the Department. It may well be subjected to potentially inflammatory pressures which have no place in the fair investigation of these complaints.

We note with a sense of irony that the legal profession which recommends this proposal has never sought a civilian review board to oversee its conduct. In fact, almost every profession looks, in the first instance, to its own internal controls for reviewing the conduct of its members. We see no reason to single out the Police Department for special treatment absent a showing that the internal affairs bureau could not function in an impartial and thorough manner.

### AFFIRMATIVE ACTION

We also recommend that the Department maintain a vigorous affirmative action policy with respect to the hiring of all minorities. It appears to us that the placement of qualified minorities in positions of responsibility is not only just but is as well an intelligent approach for obtaining wider community support for the Department, its actions and policies. Therefore, we strongly recommend to the Chief that he strictly adhere to the guidelines established by the United States District Court in the recent litigation concerning the Police Department hiring policies.

### PROSTITUTION

The Grand Jury does not intend to enter into the debate as to what priority should be given the Police Department in the enforcement of laws concerning prostitution. We note, however, that there should be careful consideration by department officials of the effect of a public pronouncement of a policy, whatever that policy may be. Indeed, we witnessed the unhappy spectacle of a considerable influx into San Francisco of "ladies of the night and midafternoon", ostensibly from warmer climes when news of the Department's disinclination to arrest for prostitution became known. We note that the Chief quickly clarified his views that there would be enforcement of these prostitution laws once prostitution became a menace to public safety or commerce.

## SAN FRANCISCO POLICE DEPARTMENT (continued)

We do not fault the Chief for initially placing a low priority on enforcement of certain laws. We believe, in light of his recent experiences, that he must now be all too painfully aware that it is not always wise nor necessary to herald a policy decision by means of public pronouncement.

We welcome the joint effort between the Police Department and District Attorney's office to investigate and prosecute pimps as well as apply the prostitution laws equally to male customers.

### DRINKING

The policy prohibiting the consumption of alcoholic beverages by on-duty police officers is not new. The reason that it has received so much publicity is because of the present Chief's announced decision that he intends to recommend automatic 90 day suspensions for first time offenders.

We do not quarrel with the proposition that police officers should abstain from drinking while on duty. What we do recommend to the Chief is that he evaluate violations of these rules on a case by case basis before recommending punishment. In some cases certainly the interests of the City as well as the Department would be served by offering the officer the opportunity to participate in the Department's excellent alcoholic rehabilitation program. When this alternative is appropriate, it hardly seems just to deprive the police officers' family of means of support which might amount to nearly \$4,000 and at the same time deprive the taxpayers of the services of an officer who would benefit from a lesser punishment.

### MORALE

There is no question that as a result of the police strike and the voters' response by their adoption of certain ballot propositions, and the selection of a Chief of Police from outside the Department who is attempting to institute policies, many of which are departures from well entrenched practices, that the morale of the Department has been adversely affected. What alarms us is that this low ebb of morale has transferred itself into a "slow down" by police in effecting arrests at the time when the crime rate has significantly risen. According to Police Department statistics, crime in San Francisco for the first 5 months of 1976 was 32.6% above the rate for the first 5 months of last year. An increase in the crime rate obviously can be caused by various factors, many of which are not in the control of the Police Department. Still, this increase is even more alarming in the midst of reports of a lack of concern by police and a reduction in the number of arrests for serious felony offenses. We hope that this lack of concern is not the result of a reaction to the police administration.



SAN FRANCISCO POLICE DEPARTMENT (continued)

The selection of a Chief from outside the Department should not be viewed as a reflection upon the quality or integrity of the officers serving within the Department. Clearly there are members of the Department who have demonstrated exceptional leadership capacity which would qualify them for the position of Chief. We understand that the Mayor's decision to select an outside Chief was prompted by a belief that the best way to institute reforms would be to choose someone who had no prior affiliations with the members of the Department rather than signifying an absence of qualified officers within the Department.

Traditionally there is always resistance to change. Change in a bureaucracy, however, is healthy and should be encouraged especially in areas where favoritism becomes the rule rather than the exception. We believe that the resistance in the Department to the implementation of new policies by the Chief results from a lack of understanding by members of the Department of the motivation for these new policies. Apparently the rank and file question the commitment of the administration to support them when they exercise their police duties. We have found no justification in fact for this sentiment. Essentially we have concluded that a dissatisfaction with the Chief may stem more from the manner in which new policies are announced than from the policies themselves.

It is difficult for us not to sound Sunday schoolish when we suggest to the police administration and police organizations that there should be a period when both sides attempt to set aside this resentment. We recommend that the Chief and his immediate staff demonstrate a greater sensitivity to the needs of the personnel to know that since they are risking their lives on a daily basis in this perilous profession they will receive the administration's support that is due them. Similarly we hope that the personnel will fairly evaluate the policies of the new Chief on the merits and not fail to perform their sworn duty because of an imagined fear that their conduct will be unfairly scrutinized.

Lloyd D. Luckmann

Alan A. Rosenbaum

Charles R. Breyer, Chairman



## SPECIAL REPORT

### PAROLE BOARD

The Parole Board was set up by statute in the 1930s. It had been relatively inactive for many years up until the early 1970s. At that time, it was granted a small staff and has been more and more active since then. Its unique operations have been suggested for national recognition. The Grand Jury met with the able Director, Mr. Richard Zevitz. Criticism has been submitted to the Grand Jury apparently similar to that referred to in previous Grand Jury reports. The criticism centers around the activities of the Parole Board in paroling prisoners incarcerated in the county jail. The contentions are that many more prisoners are being paroled at this time without justification or in many cases without the approval of the sentencing judge. Last year's Grand Jury further criticized the Parole Board because of the absence of the Chief Probation Officer and Sheriff from its meetings. However, according to the rules as stated by Mr. Zevitz, those officials are not required to attend the meetings, which are from four to six meetings per month often lasting six hours each. Designated representatives have been attending on behalf of those officials.

Based on the review of the Grand Jury, the following conclusions seem warranted:

1. The procedure of the Parole Board is to request the opinion of sentencing judges in a form letter sent to all judges on all applications for parole. The executive director who had that post for two to three years stated that he could not remember that the Parole Board at any time ignored or ruled against the viewpoint of the sentencing judge communicated to the Parole Board.
2. Any judge of the Superior Court under present law may at any time of sentencing prohibit parole by the San Francisco County Parole Board. A Municipal Court may not prohibit such parole.
3. 40% of all applications for parole are approved. A large number of prisoners do not bother to make applications when they are informed that they probably do not qualify.
4. The effectiveness of the parole program is dependent upon the independent referral agencies in San Francisco who should be commended and thanked for their acceptance of San Francisco parole prisoners under rehabilitation programs particularly in connection with substance abuse (alcohol and drugs). Substance abuse at least indirectly is involved in up to 65% of the county jail incarcerations.
5. Eugene Block who is the public member of the three member Parole Board should be commended for his long and faithful service to

PAROLE BOARD (continued)

this Board with its extremely important responsibilities and time-consuming meetings. He has served without compensation.

6. The case load for each of the parole officers is either too high or close to being too high to effectively supervise prisoners. Volunteer and student programs are to be added which should help this parole/prisoner ratio. Increasing the "tails" or length of required probation by the Parole Board is increasing the work load without increasing the number of prisoners the Parole Board is able to handle. Lengthening "tails" should not be made unless really justified.

7. The cost per prisoner on parole is, according to the executive director, approximately \$3.50 per day, while the cost of incarceration is approximately \$14.90 per day. Furthermore, there is insufficient opportunity for effective rehabilitation at the jail and there are not adequate facilities. The human cost to the individual and the indirect cost to society are unable to be determined, but clearly significant in measuring the differences between parole and incarceration.

8. The number of parolees could be doubled according to the executive director with an expanded staff. If this is the case, more prisoners should be paroled and the number increased subject to the proper supervision and with due regard to the protection of society, its property, personnel and rehabilitation needs.

9. The Grand Jury agrees with the present policy if it can be defended legally not to include legal representation at Parole Board hearings.

Alan H. Nichols, Chairman



## SPECIAL REPORT ON CIVIL GRAND JURY NEIGHBORHOOD HEARINGS

Does the City of San Francisco need an ombudsman? Would the sense of frustration that plagues the groups and individuals who try to get the bureaucracy to respond to them be lessened if they had an office which they knew would direct their concerns to the proper agencies, and then would follow through to see that they got an answer? Would such a system of citizen assistance be practical for a city the size of San Francisco? Would it give the City managers an insight about where to place priorities? Or would it further block access and dialogue between the managers and the people?

These are some of the questions that are in the minds of the Grand Jurors who took part in a series of neighborhood hearings during their term of office.

By means of the letter attached as Exhibit 1, the Grand Jury launched an experiment expanding its investigatory function. The letter and an accompanying questionnaire were sent to nearly 80 neighborhood organizations that included homeowners, renters and merchants. Responses were received from approximately one quarter of the groups. Three meetings were set up by geographical locations, all held from 7:30 p.m. to 9:30 p.m. The locations were chosen for the convenience of groups in the Mission District, west of Twin Peaks and the Richmond, and the Northeast and Western Addition. (NOTE: Although invitations went to a representative cross-section of all neighborhoods, participation was primarily, though not exclusively, by the white middle class.)

A summary of some of the uppermost concerns follows:

### MISSION DISTRICT - April 28

1. Spokesmen representing the merchants were highly critical of the policies and attitudes of the Board of Permit Appeals, past and present. They claim that marginal businesses such as pawnshops, second-hand stores, pool halls and off-sale liquor stores have been allowed to move into the Mission as a result of the clearance of the Yerba Buena Redevelopment Area. Related over-saturation of the district with places holding liquor licenses has led to the location of three rehabilitation live-in centers and one drop-in center in their residential-business area. They maintain that these centers should be relocated away from schools, churches and homes. They cited the publicized instance of the Eagle Loan Company where sales of guns are allegedly continuing despite revocation of its permit by the Police Department. They claim that any business displaced by Yerba Buena clearance was given permission to relocate elsewhere without a police permit. They stated that all of the above factors have led to an increase in the already high rate of crime. However, these spokesmen made it a point to praise the cooperation they receive from the Mission District police and the Police Community Relations Bureau, and seemed to feel that the



## GRAND JURY NEIGHBORHOOD HEARINGS (continued)

police were overwhelmed by the multiplicity of problems they face in this district.

2. A further complaint about failure of the Department of Public Works (DPW) to make frequent enough trash pickups was concurred in by spokesmen for a neighborhood block club. They said that the Environmental Health Bureau of the Department of Public Health has been cooperative, but that there has been no discernible improvement.

3. An account related by the NW Bernal Block Club about their two and one half year struggle to get a mini-park in their little neighborhood may be headed for a happy ending after they made their presentation at the Grand Jury neighborhood hearing on the above date. With commendable persistence, the neighbors succeeded, with the help of the City Planning Department and the Office of Community Development in getting money from the Community Block Grant for Neighborhood Initiated Improvement Projects (NIIP) for their mini-park. In August 1975, a letter from the Block Club to Director Myron Tatarian of the DPW asked for that department's cooperation in getting the required drawings, blueprints and other procedures on the way. In February 1976, the DPW's Bureau of Park Engineering still had not begun any of the necessary work, according to another letter from the Block Club to Tatarian. The DPW's reply the following month came in the form of a letter over the Director's signature enclosing a form asking property owners fronting the proposed construction area to absolve the City from liability for any "damage or injury by reason. . .of the mini-park improvement" and recommending that the property owners acquire liability insurance for their own protection. This alarmed and upset the group. Further correspondence conveyed the Block Club's dissatisfaction with the Director's response that the neighbors should petition the Board of Supervisors along with the Recreation and Park Department to vacate the designated section of the street and allow it to become City property. The Block Club had wanted this to be done in the first place. In early June, the Grand Jury was informed that, through the Mayor's office, the Block Club will have a meeting with the DPW, the Planning Department and Recreation and Park to propose a resolution by the Board of Supervisors to designate the block as City property.

This is an example of a well-informed, persistent and cohesive group working toward an objective that means a lot to them. We can only hope for them that the red tape will have been cut and work will have begun on their small project within the next 12 months.

SOUTHEAST, TWIN PEAKS, INNER SUNSET  
OMI(Oceanview-Merced-Ingleside) - May 6

4. A larger group, a bigger problem, but the same kind of persistence and determination resulted in a highly satisfactory outcome to the affected areas in the southwest corner of the City. Appearing before the Grand Jury neighborhood hearing on the date above, spokesmen

## GRAND JURY NEIGHBORHOOD HEARINGS (continued)

for the Sunnyside Neighborhood Association and OMI represented two among thirteen neighborhood associations, which along with San Francisco City College, were bitterly opposed to a plan by a compendium of agencies and consultants called the Transportation Study Coordinating Committee\* of the Municipal Railway's master plan, to put a diesel bus storage and main yard in the empty south basin of the Balboa Reservoir across the street from City College.

Briefly stated, there has been since 1958, an agreement between the Water Department, City College and nearby Riordan High School, to let the two schools use the floor of the north basin of the reservoir for parking, and a "letter of agreement" to allow use of the roof of the south basin provided City College pays for strengthening the roof. Traffic congestion and parking problems are already endemic around City College and they have not been improved by the Balboa Station of BART. The prospect of noise, air pollution and traffic generated by up to 265 Muni motor coaches moving into and out of and being repaired in their predominately single-family, detached-homes districts, alarmed residents and merchants. Their distress was greater because they felt that they had not been brought into the TSCC plans soon enough.

In a meeting in February 1976, it was learned that the consultants for the TSCC had recommended that, of five possible sites for additional bus storage and maintenance yards, the Balboa Reservoir be approved. It was then that strong objections to the plan were articulated by the President of City College and some neighborhood representatives. They conceded the necessity for an expanded facility, but they said the study had ignored the damage that would be done to a large portion of the surrounding area. They made their point so well that the whole matter was referred back to the consultants and another meeting was set for May 20, at City College. Before that time the presentation of the case was made to the Grand Jury neighborhood hearing. An inquiry from a member of this Jury to the Water Department brought about a letter from the Acting General Manager clarifying that agency's position that it does indeed prefer to retain the use of the south site of the reservoir for water storage and that the Department would not object to its use by City College under the terms of the aforementioned "letter of agreement". In the meantime, a Coalition to Stop the Bus Yard was formed, and on May 20, more than 250 well prepared and determined people faced the three members of the TSCC, Supervisor Molinari, Muni General Manager Green and Nat Gage of the Metropolitan Transportation Commission.

---

\*Members are John D. Crowley, Chairman (also General Manager of the Public Utilities Commission); Curtis E. Green, Vice Chairman (General Manager, Muni Railway); Paul C. Watt (Executive Director, Metropolitan Transportation Commission); Nat Gage, alternate; John Molinari (Board of Supervisors); Stuart Eurman (Regional Director, Urban Mass Transit Corporation) ex officio.



## GRAND JURY NEIGHBORHOOD HEARINGS (continued)

(See the report of the Grand Jury Committee on the Water Department for a description of this meeting.) The meeting ended when the three members voted unanimously to have their consultants continue their study and look elsewhere to put the Muni buses.

5. Another "improvement" that came under fire was the joint DPW - Muni transit project for Judah Street, also a part of the Muni master plan. As widely reported in the daily press, the first phase recently completed, which placed the N-Judah streetcar right-of-way on a raised platform down the middle of the street and limited left turns from Ninth to 19th Avenues, has been the subject of months-long controversy between residents and business people and the DPW, Muni and the Board of Supervisors. The protesting groups claim the plan is ill thought-out and inconvenient. They are equally opposed to the second phase to extend the raised right-of-way from 19th Avenue to 48th Avenue under the same conditions. They have succeeded in getting the Board of Supervisors to listen to them to the extent of delaying implementation of the second phase until differences can be resolved.

6. In residential neighborhoods as widely separated as Midtown Terrace and Telegraph Hill it was claimed that the DPW has failed to complete long promised schedules of putting utility lines underground and that complaints about street and/or sewer repairs are not responded to. There was an overall expressed need for better traffic control in residential neighborhoods, and a pervasive concern is the increased daytime burglaries. Like people in the Mission District, people living on Telegraph Hill were distressed by the fact that some of the population displaced by Yerba Buena clearance has moved into the Upper Grant and Broadway areas with resultant increases in the crime rate.

## CONCLUSION:

If there is a conclusion to be drawn from this first-time experiment at taking the Civil Grand Jury into the neighborhoods, it is that people who live and pay taxes in this City care very deeply about the quality of their daily lives, and that it is the every day service that a city must provide in not very dramatic but consistent ways, that is the test of good government.

The small sampling done here seems to indicate that San Franciscans have found it necessary to devote thousands of hours just to get their City government to listen to them, much less to get answers to or actions on their problems. The increasing use of litigation is a result of this frustration.

We make two recommendations:

1. That subsequent Civil Grand Juries continue the practice of holding neighborhood hearings.



GRAND JURY NEIGHBORHOOD HEARINGS (continued)

2. There are cities elsewhere in the country using ombudsmen. The City of San Jose has one called the Office of Citizen's Assistance. The City of Berkeley has plans to institute the use of an ombudsman. We suggest that the Mayor and the Board of Supervisors study the feasibility of the use of such a system for San Francisco, keeping the public informed of its progress.

Maurice L. Dickinson

Katheryn M. Fong

William R. Shapiro

Charlotte C. Poole, Chairman

# CITY AND COUNTY OF SAN FRANCISCO GRAND JURY

OFFICE

ROOM 165, CITY HALL

TELEPHONE: 558-5010

February 25, 1976

Dear San Franciscans:

The San Francisco Civil Grand Jury is charged with reporting to the people on the performance of the City and County government. The 1975-76 Grand Jury has decided that a long overdue addition to the usual procedure should be a series of hearings in the neighborhoods of the City.

We would like to know whether your organization is interested in presenting to members of the Grand Jury, at a hearing in your part of the City, evaluations of the responsiveness of certain City departments to the needs and concerns of the people who live here.

The hearings will consist of succinct statements from various groups on specific topics. Practicality and legalities dictate much of the format we propose. Depending on responses we receive, time constraints may require that several groups be represented by a single statement agreeable to all the groups so represented. Also, depending on responses, we will try to schedule hearings in different geographical areas, and will ask that invited groups send a representative to one of these. We will try to hear spokespersons of every interested group or combination of groups.

Finally, not all Grand Jurors will be present at every hearing, and Jurors present cannot by law, and will not make statements at these hearings. We will listen, and we expect to gain valuable information for the preparation of our reports and actions.

Please return the enclosed form to let us know the name of your representative, if possible; the time, date and location of your regular meetings, and your chief areas of concern. Please try to respond within 14 days so that a schedule can be made and circulated. If a meeting is not convenient, you may wish to send a written statement. It should be addressed to:

San Francisco Civil Grand Jury  
Room 165, City Hall  
San Francisco, California 94102

We look forward to hearing from you.

Very truly yours,

RICHARD O. HERMAN  
Foreman, Civil Grand Jury

## MUNICIPAL AND SUPERIOR COURTS

The courts are creatures of the State Constitution and statutes, and most of their procedures are dictated and defined in minute detail by the legislature. Moreover, the courts must retain an independence in their decisions if they are properly to fulfill their role in our tripartite system of government. This means that much of what the courts do is properly beyond the scope or purview of Grand Jury scrutiny. Nonetheless, the courts depend upon and receive from the City substantial appropriations for employees necessary to enable the courts to do their job, and these matters, we believe, are outside the realm of judicial discretion and are, consequently, properly within the scope of Grand Jury inquiry.

We have three major concerns. The first is with the use of bailiffs in the civil departments of the Superior Courts, the second is with the treatment of citizens called for jury duty, and the third is with the appointment of a master calendar judge for the Civil Division.

### 1. Bailiffs in the Civil Departments of the Superior Court

Government Code Section 26603 requires the Sheriff to "attend all superior courts held within his county." This provision has been interpreted so as to require the Sheriff to supply a bailiff to each superior court courtroom, including those courts hearing non-criminal civil matters. In San Francisco each day there are from 15 to 20 departments of the Superior Court hearing non-criminal civil matters, and each of these departments has a bailiff present from start of proceedings to close. Each bailiff is a Senior Deputy Sheriff -- a rank just below sergeant.

There is only one compelling reason to require a bailiff to attend the court, and that is to keep order. However, in practice, bailiffs are used to perform other jobs of a relatively menial nature: they answer the telephone, they open and close windows, and they announce when the judge enters the courtroom and when he leaves it.

Unquestionably, bailiffs are needed full-time in some civil departments. For example, a bailiff is an obvious necessity in courts hearing domestic relations matters, where tensions run high. Bailiffs may also be appropriate on special request in a case where there is likelihood of disruption. But it is equally clear that a full-time bailiff is not necessary in departments hearing routine civil litigation. Indeed, anyone who tours the fourth floor of City Hall can find a plethora of courtrooms in which lawyers strut and gesticulate before blackboards, charts, diagrams, and bored bailiffs who are reading the latest paper. In truth, the bailiff is a ceremonial attache to the civil departments -- our present-day equivalent of the British "crier".



## MUNICIPAL AND SUPERIOR COURTS (continued)

Unfortunately, and sadly, we can no longer afford the luxury of that ceremony.

We expect that arguments will be advanced for the retention of bailiffs in the civil courts, and we anticipate some of them:

ARGUMENT: Bailiffs are necessary to provide security in the civil departments, particularly since criminal cases are being tried at City Hall.

ANSWERS: a. Adequate bailiffs should be assigned to those departments hearing criminal matters so that escapes and outbursts may be quelled at their source.

b. A single bailiff provides little protection against a surprise assault.

c. The current system of providing a bailiff full time to each civil department could be replaced with a system which would provide electronic warning devices in each courtroom and bailiffs on continuous patrol in the corridors. Three or four bailiffs could respond to an electronic request in a matter of seconds.

ARGUMENT: Bailiffs are necessary to prevent tampering with civil juries.

ANSWER: Bailiffs are not necessary to prevent tampering with civil juries in the courtroom. Patrolling bailiffs could oversee juries in the corridors during court recesses. Bailiffs could be summoned to escort juries to meals and to stand guard at the jury room during deliberations.

ARGUMENT: Bailiffs are necessary to answer the telephone, file exhibits, and perform other tasks that would simply not get done otherwise.

ANSWER: Courtroom telephones can be equipped with switches to turn the phones off when court is in session. Or, one or two telephone operators could take all messages for all civil departments in session. In any event, clerical duties should be performed by clerks, not by Senior Deputy Sheriffs.

Therefore, we recommend:

That the State Legislature amend Government Code Section 26603 so as to require that bailiffs be assigned only to departments of the Superior Court hearing criminal matters, so that a bailiff would be assigned to a civil department only upon special request of the judge sitting in that department. Bailiffs should be put on patrol in the corridors of City Hall, and electronic warning devices should be in-

## MUNICIPAL AND SUPERIOR COURTS (continued)

stalled or made available in each courtroom.

### 2. Treatment of Prospective Jurors

Our second concern is with the treatment of jurors in both Municipal and Superior Courts. In order to seat a jury of six or twelve persons, it is necessary to summon at least one "panel" of between 30 and 50 prospective jurors. From the panel, prospective jurors are interviewed and screened and, eventually, a jury is selected to try the case.

These panels of jurors are, of course, ordinary citizens who must leave jobs and families in order to do their "jury duty". More often than not, these jurors are treated without respect by the court system. It is without exaggeration that we are able to state that most prospective jurors come to the courts with high expectations of performing a serious duty and that they leave the courts with anger and frustration about the impersonal, disrespectful treatment that they have received.

In part, the failure is attributable to a lack of facilities. Although every other Bay Area county has a jury assembly room, where jurors can endure the seemingly endless delays inherent in the court process (cases settle at the last minute and panels must be reassigned; witnesses are late, etc.), San Francisco has no facilities where jurors can be collectively instructed about their duties and where they can wait for their summons to a courtroom. It is therefore common to find prospective jurors, looking bored, angry and confused, wandering aimlessly in the corridors of the Hall of Justice or City Hall.

During 1975, the Superior and Municipal courts joined in an application for federal funds to provide a jury assembly room in the Hall of Justice. The application was roadblocked when the Board of Supervisors refused to appropriate \$19,000.00 in local matching funds. Should federal funds still be available, we recommend:

That the Board of Supervisors appropriate matching funds necessary to provide a jury assembly room in the Hall of Justice.

We mentioned that the frustrations of jurors were attributable only in part to a lack of facilities. In part, their resentment stems from the fact that, too often, nobody tells jurors what is going on. Nobody explains to them why they are sitting in a courtroom for two or three hours. Nobody tells them what case is coming up, how long it might take, or whether they might have to come back the next day. This disrespect is not universal; rather a juror's knowledge of his or her situation appears to depend largely on the practice of the individual judge to whom the panel is assigned. Suffice it to say that enough citizens who have served on jury panels have mentioned the problem so that we are convinced that the courts must pay more attention to their jurors. In particular, the reasons for delays must be explained to



## MUNICIPAL AND SUPERIOR COURTS (continued)

jurors who are asked to endure hours upon hours of sitting on hard courtroom chairs and of digesting lukewarm machine-made coffee.

### 3. Appointment of a Master Calendar Judge for the Civil Division

The Grand Jury respectfully recommends for the consideration of the Judges of the Superior Court the appointment of a master calendar judge for the Civil Division. This appointment, to be made by the Presiding Judge, would serve a function in the Civil Division parallel to that of the master calendar judge in the Criminal Division, an appointment that has proven to be so successful. This recommendation should not be construed as a reflection in any way upon the manner in which the present Presiding Judge has performed his duties. To the contrary, the truly outstanding manner in which he has performed his duties of assigning cases for trial suggests to us that the administrative abilities should justify this position rather than seniority alone.

## JUVENILE COURT/YOUTH GUIDANCE CENTER

### I. THE SCOPE OF THIS REPORT

The Civil Grand Jury is entrusted with the duty of investigating each and every department of government in the City. Even if the Jury had no other business during the year, its investigation of Juvenile Court and Youth Guidance Center would, nonetheless, be incomplete. Some 18 agencies of government in San Francisco are involved in the administration of Youth Guidance Center. In addition, numerous community groups and private placement facilities help to provide a network of roots that leads to a gargantuan spreading tree-like system. Accordingly, the decision was made to select parts and portions of the Juvenile Court system for investigation and, candidly, to acknowledge that other parts of the system were not investigated.

One reason for limiting the scope of investigation of the Juvenile Court was that in the spring of this year, the Junior League of San Francisco released an intensive and comprehensive report entitled, "San Francisco's Future: A Study of Youth Resources". This report, financed in part with funds from the Law Enforcement Assistance Administration, relied upon more than 50 volunteer researchers, plus a large staff. The Junior League Report accomplishes more than this Grand Jury could have hoped to, and our single most important recommendation is that the report receive immediate and serious attention from the Office of the Mayor and the Board of Education.

Therefore, this report focuses on several specific concerns about the administration of the system of juvenile justice in San Francisco.



## JUVENILE COURT/YOUTH GUIDANCE CENTER (continued)

### II. AREAS OF INQUIRY

#### A. The Battle Between Public Agency Resources and Community Based Resources

The system of juvenile justice in San Francisco (as in many other cities throughout the United States) is in a time of transition. For a number of reasons, the established system of the Juvenile Probation Department bureaucracy has been relying more and more on community based agencies as referral facilities for youth in trouble. In part, this diversion of juvenile offenders from the public institutional system to community based programs has resulted from the ability of some of these programs to compete successfully with the existing system with respect to decreasing recidivism of youthful offenders. The Junior League report studies five community based agencies in San Francisco in some detail and concludes as follows:<sup>1</sup>.

Youth alternative agencies have demonstrated their effectiveness in reducing recidivism at a lower cost per client than institutional treatment at YGC and at the Ranches. One of the strongest factors in the success of these programs is the use of staff members who grew up in the same neighborhoods and faced the same problems as do their clients. The shared experiences and perspectives greatly facilitate the development of intensive, one-to-one relationships between staff and client, relationships built on trust which form the basis of the treatment philosophy. The outreach concept also contributes to program effectiveness, both in the aggressive recruitment and supportive follow-up of clients and in the involvement of peers and family in the treatment process.

Problems faced by these agencies often stem from insecure funding. Many agencies face a precarious daily existence after their initial funding (often an L.E.A.A. grant) terminates. Low budgets lead to understaffed programs which cannot develop their full potential due to very high caseloads. Volunteer auxiliaries can ease the caseload burden, and should be developed by agencies now lacking such a program.

---

<sup>1</sup>. The Junior League of San Francisco, Inc., San Francisco's Future: A Study of Youth Resources (1976) P. 150

## JUVENILE COURT/YOUTH GUIDANCE CENTER (continued)

Administrative weaknesses also appear in many of the youth alternative agencies. Inadequate records are a common problem, a problem which makes it difficult to measure effectiveness and to demonstrate the justification for continued funding. These agencies also rarely have the technical expertise within their own staffs for the more sophisticated techniques for fund-raising, public relations, and grantsmanship. They often need technical assistance which may or may not be available through their Boards of Directors or advisory committees.

Despite the fact that the juvenile justice system has made increasing use of community based resources during the past several years, the Juvenile Probation Department has not moved fast enough to satisfy some community based groups, particularly those with origins in the minority communities. Accordingly, certain of these groups have launched hostile and vituperative verbal attacks upon the Juvenile Probation Department and the Department has responded by barring representatives of these groups from access to the Juvenile Court. The exclusion of the groups from access to the court process has, in turn, raised the level of hostilities so that at present, it is not an exaggeration to say that some community groups would prefer to see the abolition of the entire juvenile court system and that the Juvenile Probation Department would prefer to see the abolition of those community groups that have been the most severe in their criticisms of the Department.

The Grand Jury does not intend to take a position on the actions of the parties involved in this dispute. Suffice it to say that the debate, which thus far has remained on verbal terms, has reached such levels of acrimony that it is no longer helpful dialogue. It is clear that the time has come for the Office of the Mayor to afford both sides of this dispute a full hearing of their grievances and responses so that the City can look forward to constructive change with respect to its youth programs.

Many community based groups are competing for public resources for work with youth. This Grand Jury explicitly refrains from endorsing any particular groups or programs. Nonetheless, it does seem to us that the juvenile justice system should expand its use of responsible community based groups for purposes of counseling and supervision of juvenile offenders. We make this recommendation because community based programs have been able to demonstrate the least costly and most effective ways of reducing recidivism among those youths who end up in the juvenile court process. We also acknowledge that the varying ingredients that tend to make community based programs successful are the same ingredients that create a potential for lack of accountability of public funds: a sense of informality, a freedom to experiment with counseling techniques, and



## JUVENILE COURT/YOUTH GUIDANCE CENTER (continued)

a latching of bureaucracy and the myriad written forms that accompany it.<sup>2</sup> Accordingly, if community based groups want to participate in programs with public funds, they must realize that they must adopt, organize and establish reliable accounting and business practices. We believe that community groups can receive assistance in this regard through the Youth Service Bureau and that, among the important functions to be served by the Youth Service Bureau are the establishment of criteria for evaluation of community programs and the match-up of community groups with volunteers from the business and legal communities who can provide these groups with instruction and supervision in accounting and business practices.

### B. Problems of Institutional Racism at Log Cabin Ranch

Well over half the juveniles arrested in San Francisco come from the minority communities.<sup>3</sup> It is self-evident that there are significant cultural differences between minority youth and white youth in the City. These differences manifest themselves in styles of dress, personal appearance and language. One reason that some community groups have been able to demonstrate effective counseling of minority juvenile offenders is that these groups use staff counselors who are able to bring a common experience to the problems of counseling and who are able to speak the same language as youth who are in trouble. Conversely, the minority representation among employees of the Juvenile Probation Department, and particularly among supervisory employees, is astonishingly low. The Juvenile Probation Department has furnished the Grand Jury with statistics as of February 1, 1976, reflecting the racial composition of employees in various areas of the Department and these summary statistics are attached to this report as Appendix A. The plain fact of the matter is that those who run the juvenile justice system are overwhelmingly white, whereas a majority of youth going through the system are black. While it is difficult to pinpoint specific instances of discrimination, one result of institutional racial discrimination is so obvious that it simply cannot be explained away. This example is that, when the Grand Jury visited Log Cabin Ranch, it found that, of the 86 boys ordered to spend time at the ranch (for a period of 6 months or more), 84 of those boys were black. In short, white boys do not end up at Log Cabin Ranch, even though over 30% of juveniles arrested in San Francisco for serious and violent offenses are white.<sup>4</sup>

---

2. A Juvenile Probation Officer told us that, in order to file a petition on a youth who is currently on probation, the Probation Officer must fill out as many as 41 separate forms at Youth Guidance Center.

3. Id. at p. 15

4. Id.



## JUVENILE COURT/YOUTH GUIDANCE CENTER (continued)

We should make it clear that we are not holding any person or part of the juvenile justice system responsible for the inequitable racial composition of Log Cabin Ranch. Undoubtedly, black youth end up at Log Cabin Ranch as a result of cumulative decisions that are made at every stage of the juvenile justice process -- from the arrest decision made by the police to the recommendation made by the Probation Department as to placement. Our point here is not to assign personal responsibility. Rather, our point is that, under no rational explanation of facts or circumstances can the racial composition of Log Cabin Ranch be justified, and the racial composition of boys sent to Log Cabin Ranch must be equalized. No more glaring example of racial injustice may be found than in the fact that, although virtually 98% of the boys at Log Cabin Ranch are black, not one single employee at Log Cabin Ranch -- from supervisors to counselors to cooks -- is black.<sup>5</sup> We trust that this sort of institutional apartheid needs no further elaboration.

Among the explanations provided to us for the racial inequality at Log Cabin Ranch was the alleged reluctance of private placement facilities to accept black youths in the 16 to 17 year old age bracket. Because these private placement facilities are located throughout the State of California, it was beyond the ability of the Grand Jury to conduct an adequate investigation of these facilities. Indeed, such an investigation would best be conducted on a statewide level since other counties undoubtedly experience similar problems in placement of minority youth, and we recommend that the California Youth Authority commence an investigation of discriminatory practices in private placement facilities throughout the State.

It has also been suggested to us that restrictive zoning laws and building codes have deterred the establishment of private placement facilities in San Francisco and particularly in the minority communities. We have been unable to undertake an intensive study of whether these laws and codes are unnecessarily restrictive or whether these laws could be made less stringent consistent with protection of residents. We recommend that the Mayor's Criminal Justice Council, possibly in cooperation with legal organizations in the City, undertake such a study and make recommendations (possibly including changes to building, licensing, and zoning laws) for encouraging the establishment of group homes for delinquent youth in the City. In any event, it is clear that, in our City, there is no place for the patterns of racial placement that are going on now.

### C. Whether the Ranches Should Be Continued

The Juvenile Court now sends San Francisco boys to two rural educational facilities located near the town of La Honda in San

---

5. See Appendix "A" attached hereto.

## JUVENILE COURT/YOUTH GUIDANCE CENTER (continued)

Mateo County. Because these facilities once featured a producing farm, including livestock, they are still called "the ranches" -- Hidden Valley Ranch and Log Cabin Ranch. However, because agriculture at the Ranches was eliminated some time ago, the term "ranches" is not accurate. Rather, the two facilities are more appropriately called intensive schools with dormitory living accommodations situated in a rural area. Generally, Hidden Valley takes boys under 16 years old, while Log Cabin takes boys over 16. There are no locks on the doors, and it is easy enough for boys to walk away from either facility. However, walkaways are sometimes punished by increased commitments to the ranches or, in an unusual instance, by commitment to the California Youth Authority.

Over the past several years, various spokespersons for community groups have recommended the abolition of the ranches, and this question has served as yet another source of vigorous debate among the Juvenile Court, the Probation Department, the Mayor's office and community groups.

The Civil Grand Jury is itself divided on the question, and the division is close enough so that a strong recommendation one way or the other cannot be made. Arguments for and against abolition of the facilities are as follows:

### 1. Arguments in Favor of Abolition of the Ranches

Because the ranches are geographically distant from San Francisco, a commitment to the ranches separates the youth from his family, thereby causing family ties to deteriorate even further. In addition, because the ranches are located in a rural setting, the ranch experience is not helpful as a technique for teaching youth to cope with their ordinary urban situation. There are available vacant facilities at Youth Guidance Center, in San Francisco, where boys could be sent as an alternative to the ranches. Because of a shortage of staff counselors, youth at the ranches receive minimal personal counseling and are, for the most part, simply warehoused at the ranches for the duration of their stay. Finally, commitment to the ranches is more expensive than comparable treatment in the community. For example, it costs approximately \$758.00 per month to keep a boy at Log Cabin Ranch and \$790.00 per month to keep a boy at Hidden Valley Ranch. One argument proposes a long range plan to place more violent offenders at Youth Guidance Center, in conjunction with the diversion of status offenders (such as "beyond parental control" and "truancy" (Sec. 601 W. & I. Code) to community agencies. We have heard testimony from probation officers that the lack of "options" such as weekends or short term commitments to Youth Guidance Center have contributed to ranch placements.

### 2. Arguments in Favor of Retaining the Ranches

It is true that, because of staff shortages, boys at the



## JUVENILE COURT/YOUTH GUIDANCE CENTER (continued)

ranches (and particularly at Log Cabin Ranch) receive minimal personal counseling. In addition, because of cultural differences between white counselors and minority boys, counseling is generally ineffective. However, we should not abolish the ranches because of these defects in the ranch programs. Rather, we should acknowledge that the basic ranch facilities are capable of sustaining valuable and creative programs and we should improve the programs rather than abolish the facilities. In the first place, we must realize that it is not always in the best interest of a youth to remain in the same family, educational, and community situation that has fostered his problems. In particular, the most serious need of boys at the ranches is for remedial educational improvement, and it is extremely difficult to break patterns of truancy and to provide disciplined education when a boy with habits of truancy remains in his community. The educational programs at the ranches have, for the most part, worked; the real problems have been that there are no programs to fill other hours of the day when classes are not running. Finally, the pragmatic effect of the abolition of the ranches as a commitment alternative will be to increase commitments to the California Youth Authority and thereby to remove San Francisco youth even greater geographic distances from the City. In this regard, a list of offenses for which boys were committed to Log Cabin Ranch School as of February 18, 1976 is attached hereto as Appendix "B" and a list of offenses of wards of Hidden Valley Ranch as of March 31, 1976 is attached hereto as Appendix "C". The severity of most offenses confirms the argument of the Probation Department to the effect that the ranches are currently often being used as a last alternative prior to commitment to the California Youth Authority. However, we note that some boys are still being sent to the ranches for status offenses and these commitments should stop.

### D. The Need for an Evaluation of Referees at Juvenile Court

Cases at Juvenile Court are adjudicated by the Juvenile Court Judge and by three referees who are attorneys hired as commissioners of the Superior Court. During the course of our study, we received an inordinate number of criticisms of the performance of the Juvenile Court commissioners. These criticisms came from attorneys, probation officers, and community groups. However, this Grand Jury is not in a position to evaluate whether these commissioners, who must adjudicate issues in a specialized area of law, are doing a good job or not. Nonetheless, because of the number of complaints, and because of the variety of sources of the complaints that we have received, we do recommend that the Superior Court conduct its own evaluation of its commissioners at Juvenile Court and that they call upon the assistance of the San Francisco Bar Association if need be.

### E. The District Attorney and the Public Defender

Because of Federal Constitutional Court decisions during the last decade, virtually all youth going through the juvenile court



## JUVENILE COURT/YOUTH GUIDANCE CENTER (continued)

process are now represented by attorneys. In this system, both the District Attorney and the Public Defender have institutional roles to play. The District Attorney is supposed to gather evidence and present it. The Public Defender is supposed to make the District Attorney prove his case and to achieve the greatest amount of freedom for his client. At San Francisco Juvenile Court, both the District Attorney and the Public Defender are fulfilling their institutional roles admirably. By this we mean that the District Attorney and his staff are preparing and presenting cases professionally and thoroughly and that the staff of the Public Defender is representing its clients vigorously.

Nonetheless, the question that must be asked is whether the introduction of attorneys and more formal procedures in the Juvenile Court has produced a greater respect for truth and justice. In that regard, we have our doubts. Without question, the presence of attorneys does serve to curtail abuses of personal liberties that went unchecked in the past. However, as with most changes that are denominated "progress", a price has been paid. Increasingly, the system of juvenile justice is emulating the cynical nature of the system of adult justice. Thus, plea bargaining is common at Juvenile Court. For the most part, youth coming before the Juvenile Court are interested not in taking responsibility for their acts, but rather in beating the adjudicatory system.

### F. The Girls Center

During the past year the Juvenile Probation Department converted one of the vacant buildings at Youth Guidance Center into an unlocked residential facility for girls. Members of the Grand Jury toured this facility and spoke with the 14 girls who were living there and who were attending classes in the facility during the day time. The Jury's representatives found this facility to be clean and well managed and some of the girls indicated that they were pleased with the educational program provided to them. Nonetheless, we must question whether such a program could not be run more economically by groups in the community able to spread staff and overhead costs over a larger client population. The Juvenile Probation Department employs 9 full-time counselors in order to provide 24-hour staff coverage for 14 girls 7 days a week. This counselor/client ratio strikes us as high.

## III. SUMMARY OF RECOMMENDATIONS

1. The Mayor and the Board of Education must assign a high priority to the implementation of recommendations contained in the report of the Junior League of San Francisco entitled, "San Francisco's Future: A Study of Youth Resources".

2. The Office of the Mayor must mediate the ongoing battle between community based youth groups and the Juvenile Probation Department.

JUVENILE COURT/YOUTH GUIDANCE CENTER (continued)

3. Resources for supervision and counseling of delinquent youth should be increasingly diverted from the Juvenile Probation Department to community based groups that demonstrate that they are capable of providing responsible counseling and supervision services.

4. The Youth Service Bureau should develop standards for evaluation of community programs and act as a liason between the business and legal communities and community based groups in order to provide community based groups with accounting and business skills necessary for responsible administration.

5. Institutional racism at Log Cabin Ranch must be ended by use of the following means, among others:

a. The racial composition of Log Cabin Ranch must be equalized.

b. Existing Civil Service job scopes should be revised in the immediate future to eliminate the requirement that counselors at the ranches possess bachelor of arts degrees. Many more minorities must be hired as counselors at the ranches.

c. The Juvenile Probation Department must drastically expand its number of minority employees, particularly in supervisory positions.

d. The Mayor's Criminal Justice Council, possibly in cooperation with organizations of attorneys in San Francisco, should study and report on ways to facilitate the establishment of private placement facilities in San Francisco including, if possible, amendments to zoning, building and licensing codes.

6. The California Youth Authority should conduct a state-wide investigation of racial discrimination in private facilities used for the placement of juveniles by juvenile courts.

7. Counseling staff at Log Cabin Ranch School and Hidden Valley Ranch School should be expanded so as to permit personal counseling. Boys should not be sent to the ranches for violation of Section 601 W. & I. Code (truancy, beyond parental control, etc.).

8. The judges of the Superior Court should evaluate the performance of referees assigned to Juvenile Court.

9. San Francisco Unified School District must provide follow-up remedial education classes for youths returning to the City from the ranches. This recommendation was made by the Grand Jury in its earlier report on the Teledyne Vocational Program and we reiterate it here because of its importance.

APPENDIX "A"

Racial Composition of  
Staff of San Francisco  
Juvenile Probation Department

February 1, 1976



SAN FRANCISCO JUVENILE COURT

As of February 1, 1976

PROBATION OFFICE - STAFF ETHNIC BREAKDOWN

	TOTAL	WHITE	BLACK	SPANISH SURNAME	CHINESE	JAPANESE	OTHER
Management (Above 1st Line Supervisor)							
%	3	3	0	0	0	0	0
	100.0	100.0	0.0	0.0	0.0	0.0	0.0
Supervisory (Supervisors, Professional, Correctional Staff)							
%	14	13	0	0	0	1	0
	100.0	92.9	0.0	0.0	0.0	7.1	0.0
Supervisory (Supervisors, Service Staff)							
%	2	2	0	0	0	0	0
	100.0	100.0	0.0	0.0	0.0	0.0	0.0
Professional (Probation Officers, etc)							
%	86	62	12	3	6	0	3
	100.0	72.1	13.9	3.5	7.0	0.0	3.5
Sub Professional (Custodial Staff, Aides, New Caregivers)							
%	4	1	3	0	0	0	0
	100.0	25.0	75.0	0.0	0.0	0.0	0.0
Services (Clerical, Culinary, Maintenance)							
%	80	44	17	9	6	0	4
	100.0	55.0	21.3	11.2	7.5	0.0	5.0
TOTAL	189	125	32	12	12	1	7
%	100.0	66.1	16.9	6.4	6.4	0.5	3.7

*Joseph J. Botka*  
JOSEPH J. BOTKA, Chief Probation Officer

# SAN FRANCISCO JUVENILE COURT

## JUVENILE HALL - ETHNIC STAFF BREAKDOWN

	TOTAL	WHITE	BLACK	SPANISH SURNAME	CHINESE	JAPANESE	OTHERS
Management (Above 1st Line Supervisor)							
%	3 100.0	3 100.0	0 0.0	0 0.0	0 0.0	0 0.0	0 0.0
Supervisory (Supervisors, Professional, Correctional Staff)							
%	10 100.0	9 90.0	1 10.0	0 0.0	0 0.0	0 0.0	0 0.0
Supervisory (Supervisors, Service Staff)							
%	3 100.0	1 33.3	2 66.7	0 0.0	0 0.0	0 0.0	0 0.0
Professional (Probation Officers, etc)							
%	87 100.0	52 59.8	28 32.2	4 4.6	2 2.3	0 0.0	1 1.1
Sub Professional (Staff Aides, etc)							
%	0 0.0	0 0.0	0 0.0	0 0.0	0 0.0	0 0.0	0 0.0
Services (Clerical, Culinary, etc)							
%	21 100.0	11 52.3	8 38.1	1 4.8	1 4.8	0 0.0	0 0.0
TOTAL	124	76	39	5	3	0	1
%	100.0	61.3	31.5	4.0	2.4	0.0	0.8

SAN FRANCISCO JUVENILE COURT

HIDDEN VALLEY RANCH - STAFF ETHNIC BREAKDOWN

	TOTAL	WHITE	BLACK	SPANISH SURNAMES	CHINESE	JAPANESE	OTHER
Management (Above 1st Line Supervisor)	1	1	0	0	0	0	0
%	100.0	100.0	0.0	0.0	0.0	0.0	0.0
Supervisory (Supervisors, Professional Correctional Staff)	3	2	0	0	1	0	0
%	100.0	66.7	0.0	0.0	33.3	0.0	0.0
Supervisory (Supervisors, Service Staff)	0	0	0	0	0	0	0
%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional (Probation Officers, etc)	11	9	2	0	0	0	0
%	100.0	81.8	18.2	0.0	0.0	0.0	0.0
Sub Professional (Custodial Staff, Aides, etc)	0	0	0	0	0	0	0
%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services (Clerical, Culinary, Maintenance)	5	1	3	0	1	0	0
%	100.0	20.0	60.0	0.0	20.0	0.0	0.0
TOTAL	20	13	5	0	2	0	0
%	100.0	65.0	25.0	0.0	10.0	0.0	0.0



SAN FRANCISCO JUVENILE COURT

LOG CABIN RANCH - STAFF ETHNIC BREAKDOWN

	TOTAL	WHITE	BLACK	SPANISH SURNAME	CHINESE	JAPANESE	OTHER
Management (Above 1st Line Supervisor)							
	4	4	0	0	0	0	0
%	100.0	100.0	0.0	0.0	0.0	0.0	0.0
Supervisory (Supervisors, Professional Correctional Staff)							
	2	2	0	0	0	0	0
%	100.0	100.0	0.0	0.0	0.0	0.0	0.0
Supervisory (Supervisors, Service Staff)							
	0	0	0	0	0	0	0
%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional (Probation Officers, etc)							
	9	8	0	0	0	0	1
%	100.0	88.9	0.0	0.0	0.0	0.0	11.1
Sub Professional (Staff Aides, etc)							
	0	0	0	0	0	0	0
%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services (Clerical, Culinary, etc)							
	4	3	0	0	1	0	0
%	100.0	75.0	0.0	0.0	25.0	0.0	0.0
TOTAL	19	17	0	0	1	0	1
%	100.0	89.4	0.0	0.0	5.3	0.0	5.3

APPENDIX "B"

Court Commitment  
Offenses to  
Log Cabin Ranch  
School as of  
February 18, 1976

LOG CABIN RANCH SCHOOL

Court Commitment Offenses

(As of February 18, 1976)

Theft  
Burglary, Runaway  
Burglary, Auto Theft  
Strongarm Robbery  
Strongarm Robbery  
Auto Tampering  
Burglary  
Burglary  
Grand Theft  
Battery  
Armed Robbery (hand gun)  
Burglary (14 counts)  
Battery  
Armed Robbery (hand gun)  
Armed Robbery (air pistol)  
Burglary  
Vehicle Theft  
Strongarm Robbery (switchblade)  
Petty Theft  
Assault  
Possession of Stolen Property  
Armed Robbery, Assault  
Statutory Rape  
Assault  
Purse Snatch  
Change of Placement  
Auto Theft, Resisting Arrest  
Petty Theft, Assault  
Burglary  
Burglary  
Petty Theft  
Auto Theft  
Possession of Stolen Property  
Assault

Petty Theft  
Receiving Stolen Property  
Battery  
Attempted Murder  
Petty Theft  
Burglary  
Auto Theft, Hit and Run  
Auto Tampering  
Beyond Parental Control  
Auto Theft  
Armed Robbery (revolver)  
Battery  
Assault with a Deadly Weapon (32 caliber pistol)  
Assault  
Battery  
Robbery  
Battery  
Robbery  
Auto Tampering  
Robbery  
Burglary  
Assault  
Possession of Gun  
Petty Theft  
Burglary  
Assault  
Grand Theft  
Purse Snatch  
Purse Snatch  
Robbery  
Auto Tampering  
Possession of Gun  
Burglary



APPENDIX "C"

Court Commitments  
to Hidden Valley Ranch School,  
as of March 31, 1976,  
Indicating the  
Total Number of Offenses  
Accumulated by Each Ward

HIDDEN VALLEY RANCH SCHOOL

March 31st, 1976

HIDDEN VALLEY RANCH COMMITMENTS  
INDICATING THE TOTAL NUMBER OF OFFENSES  
ACCUMULATED BY EACH WARDREGULAR PROGRAM

<u>FIRST</u>	<u>NAME</u> <u>FIRST 2 letters</u> <u>of last name</u>	<u>AGE</u>	<u>DOB</u>	<u>OFFENSES</u>
Deleted	Deleted	13	Deleted	Auto theft Auto theft Burglary
"	"	15	"	Grand theft Possession stolen property Strongarm robbery Possession marijuana Attempted assault
"	"	15	"	Strongarm robbery (2 counts) Wayward Malicious mischief Petty theft
"	"	16	"	Attempted purse snatch Battery Purse snatch Loitering Beyond parental control Truancy Grand theft Burglary Possession stolen property Petty theft
"	"	15	"	Theft from person Purse pick Purse nick Battery Trespassing
"	"	16	"	Strongarm robbery Auto boosting Grand theft Petty theft Strongarm robbery Purse snatch Attempted purse snatch (2 counts) Petty theft

NAME		AGE	DOB	OFFENSES
FIRST	FIRST 2 letters of last name			
Deleted	Deleted	14	Deleted	Beyond parental control Petty theft Burglary Reckless driving Driving without license Traffic violations
"	"	16	"	Burglary Possession stolen property Beyond parental control Shoplifting Curfew vilation
"	"	13	"	Truancy Burglary Burglary Burglary Burglary Burglary Possession stolen property
"	"	13	"	Attempted rape Assault Shoplifting
"	"	15	"	Burglary Escape YGC
"	"	14	"	Burglary Attempted robbery Assault with deadly weapon Attempted threat of witness
"	"	17	"	Malicious mischief Battery Auto theft Burglary
"	"	15	"	Purse snatch Purse pick Curfew violation Possession unlawful weapon Strongarm robbery Burglary Grand theft



NAME		AGE	DOB	OFFENSES
FIRST	FIRST 2 letters of last name			
Deleted	Deleted	13	Deleted	Assault with deadly weapon Battery Petty theft
"	"	15	"	Armed robbery (2 counts) Battery Burglary Malicious mischief
"	"	15	"	Truancy Assault Assault Battery Battery Battery Possession of deadly weapon
"	"	16	"	Burglary Truancy Burglary Beyond parental control
"	"	14	"	Strongarm robbery Malicious mischief
"	"	16	"	Burglary Truancy Trespass Robbery Burglary
"	"	15	"	Runaway Auto theft Petty theft Burglary Strongarm robbery Runaway
"	"	15	"	Possession of marijuana Strongarm robbery Auto theft Assault Auto theft Robbery Assault Battery Beyond parental control Auto tampering Beyond parental control

FIRST	NAME FIRST 2 letters of last name	AGE	DOB	OFFENSES
Deleted	Deleted	13	Deleted	Burglary Beyond parental control Runaway Beyond parental control Runaway Burglary (6 counts) Bicycle theft Motorcycle theft Motorcycle theft Burglary
"	"	16	"	Robbery Battery Joyriding Auto tampering Burglary Trespassing
"	"	13	"	Possession stolen property Assault with deadly weapon Burglary (3 counts)
"	"	15	"	Strongarm robbery Auto theft Petty theft Possession stolen property Stolen auto Auto theft Possession burglary tools
"	"	15	"	Strongarm robbery Battery Malicious mischief Possession stolen property
"	"	15	"	Auto theft Beyond parental control Auto theft Beyond parental control Auto theft
"	"	15	"	Grand theft Auto theft Driving without license

HVRS WARD OFFENSES, Cont'd.

Page 5

<u>NAME</u>		<u>AGE</u>	<u>DOB</u>	<u>OFFENSES</u>
<u>FIRST</u>	<u>FIRST 2 letters of last name</u>			
Deleted	Deleted	17	Deleted	Burglary Assault on police officer Possession stolen property Burglary Possession marijuana Beyond parental control Burglary Burglary
"	"	15	"	Auto theft Driving without license Burglary Malicious mischief Attempted purse snatch Malicious mischief Robbery Theft Attempted burglary Truancy
"	"	14	"	Grand theft Auto theft Burglary (3 counts) Purse snatch Burglary
"	"	16	"	Beyond parental control Burglary Burglary
"	"	16	"	Assault Fail out of home placement Beyond parental control Beyond parental control Beyond parental control Beyond parental control Fail out of home placement Fail out of home placement Fail out of home placement Fail out of home placement Truancy Beyond parental control Runaway
"	"	15	"	Armed robbery (2 counts) Attempted burglary



<u>NAME</u>	<u>NAME</u> FIRST 2 letters of last name	<u>AGE</u>	<u>DOB</u>	<u>OFFENSES</u>
Deleted	Deleted	14	Deleted	Grand theft Attempted armed robbery Attempted purse snatch Beyond parental control Curfew violations
"	"	15	"	Pursepick Theft Possession marijuana Beyond parental control Attempted extortion Attempted assault Truancy Runaway
"	"	15	"	Robbery Petty theft Shoplifting Auto theft Possession stolen property Attempted petty theft Burglary Burglary
"	"	14	"	Burglary in automobile Robbery Beyond parental control Loitering Truancy Attempted burglary Shoplifting Wayward
"	"	16	"	Truancy
"	"	17	"	Strongarm robbery Burglary Petty theft Petty theft Shoplifting Grand theft Wallet pick Grand theft Wallet pick Burglary Petty theft

<u>NAME</u>	<u>NAME</u> FIRST 2 letters of last name	<u>AGE</u>	<u>DOB</u>	<u>OFFENSES</u>
Deleted	Deleted	15	Deleted	Burglary Possession marijuana Possession deadly weapon Possession marijuana Beyond parental control Petty theft Petty theft Burglary Burglary Attempted burglary Assault with pellet gun Burglary Burglary Burglary Possession marijuana Burglary Attempted burglary Runaway HV Joyriding AWOL Juv. Hall
"	"	14	"	Auto tampering Burglary Burglary Inciting a riot Auto burglary
"	"	16	"	Shoplifting Truant Auto theft Auto theft Burglary Auto tampering (Att. theft) Auto theft
"	"	16	"	Truant Beyond parental control Runaway Burglary (2 counts)
"	"	16	"	Auto theft Driving without license Possession burglary tools Resisting arrest Auto theft (2 counts)

NAME		AGE	DOB	OFFENSES
FIRST	FIRST 2 letters of last name			
Deleted	Deleted	16	Deleted	Wallet pick Shoplifting Attempted purse pick Attempted pickpocket Truancy
"	"	15	"	Burglary School burglary Till tap Malicious mischief Attempted assault
"	"	14	"	Auto tampering Malicious mischief Burglary Loitering Burglary Possession of BB gun Malicious mischief Grand theft, purse
"	"	15	"	Assault Joyriding Battery (2 counts)
"	"	15	"	Burglary Beyond parental control Burglary Loitering Beyond parental control Petty theft Petty theft
"	"	15	"	Auto theft Possession stolen property Driving without license Burglary Possession marijuana Aggravated assault Runaway from YGC Possession pellet gun Possession burglary tool Truancy Curfew Petty theft Battery Mail theft Shoplifting



NAME		AGE	DOB	OFFENSES
FIRST	FIRST 2 letters of last name			
Deleted	Deleted	Cont'd.	Deleted	Malicious mischief Auto theft Curfew Motorcycle theft Disturbing the peace Burglary Receiving stolen property
"	"	15	"	Malicious mischief Grand theft Possession stolen bicycle Shooting BB gun Receiving stolen property Possession burglary tools Possession deadly weapon
"	"	16	"	Attempted battery Battery
"	"	16	"	Assault Loitering Robbery Aggravated assault Loitering Resisting arrest Strongarm robbery Armed robbery (knife) Battery Attempted child molesting Resisting arrest
"	"	14	"	Assault
"	"	17	"	Grand theft, purse Burglary
"	"	13	"	Auto burglary Beyond parental control
"	"	16	"	Shoplifting Petty theft Joyriding Auto theft Auto theft Petty theft

NAME		AGE	DOB	OFFENSES
FIRST	FIRST 2 letters of last name			
Deleted	Deleted	15	Deleted	Beyond parental control Burglary Attempted burglary
"	"	15	"	Petty theft Possession burglary tools Attempted assault with deadly weapon Grand theft, auto Grand theft, auto
"	"	16	"	Auto theft Grand theft, purse Petty theft Possession marijuana Truancy Trespass Passenger in stolen auto
"	"	13	"	Change of placement Truancy Accomplice to armed robbery Runaway
"	"	16	"	Hit and run property damage Driving without license Truancy
"	"	16	"	Robbery
"	"	15	"	Runaway Burglary
"	"	15	"	Beyond parental control Runaway Auto theft
"	"	15	"	Beyond parental control Truancy Auto theft Auto theft
"	"	15	"	Assault (2 counts) Battery (2 counts) Truancy Stealing coins from laundromat

HVRS WARD OFFENSES, Cont'd.Page 11

<u>NAME</u>		<u>AGE</u>	<u>DOB</u>	<u>OFFENSES</u>
<u>FIRST</u>	<u>FIRST 2 letters of last name</u>			
Deleted	Deleted	14	Deleted	Battery (2 counts) Burglary
"	"	15	"	Strongarm robbery Burglary Malicious mischief Trespassing Burglary



## ADULT PROBATION DEPARTMENT

### I. INTRODUCTION

This report is the product of a variety of sources of information. During the past year, the committee met on several occasions with Mr. David Melton, who was the Acting Chief Probation Officer until recently when a permanent Chief was named. Also, the committee held several open meetings to which all probation officers in the department were invited. These meetings proved to be frank and candid. In addition, the committee met on numerous occasions to hear the views of individual probation officers who requested to present their views to the committee in confidence. Other probation officers supplied the committee with written comments. The committee also met with officers of the Probation Officers Association.

The committee also relied upon public reports as indicated, including a 1976 study of the effectiveness of the San Francisco Special Supervision Unit, prepared by Michael F. Cohen, Ph.D. and Winn Schwyhart, Ph.D. of the Institute for the Study of Social and Health Issues. The study was commissioned by the California Youth Authority.

The committee also reviewed case files, including pre-sentence reports, after the Acting Chief Probation Officer obtained a court order from the Presiding Judge of the Superior Court permitting the review. Although this report contains a number of comments that will be construed as criticisms, we wish to make it clear that Mr. David Melton, the Acting Chief Probation Officer during the time of our study, cannot and should not be held responsible for conditions that have ripened over many years. There are many problems in the Adult Probation Department, but they are not of Mr. Melton's making. Nor could Mr. Melton have been expected to remedy the cumulative deficiencies in the Department during his year-long tenure. Finally, we wish to thank Mr. Melton for his cooperation in permitting us free access to the Department and for his many courtesies in making this study possible.

### II. AN OVERVIEW

The Adult Probation Department is in a state of despondent chaos. Morale has never been lower. Dedicated and experienced probation officers, seeing no end to the years of confusion, are leaving the Department to take jobs in other Northern California counties. There emigres include probation officers who have voluntarily spent their own time in attempts to improve the Department. The mood of the Adult Probation Department is overwhelmingly cynical, callous, frustrated and unpleasant.

For years the Department has continued from day to day without instructions, rules, guidelines or training, save what younger

## ADULT PROBATION DEPARTMENT (continued)

employees can pick up from their more experienced colleagues. This almost total lack of administrative and supervisorial control has, at this juncture, produced the following absurd results: (a) Less experienced members of the Department have little idea of what they are supposed to be doing, and (b) nobody in the Department knows much about what inexperienced members of the Department are, in fact, doing. By this we mean, quite literally, that, because of lack of administrative and supervisorial controls, nobody is able to state with certainty whether, from day to day, many probation officers are counseling probationers, preparing reports, or going to the beach.

In part, this mess has been caused by an impossible organizational design which puts a Chief Probation Officer in charge of a sizable department without second-line help: there is no Assistant Chief, and the next line of authority is found among a sprinkling of supervisors. In part, the widespread dismay has resulted from years of inattention by the Judges of the Superior Court, who are legally responsible for appointing the Chief Probation Officer and for overseeing the Department. In part, the chaos has been caused by a wide chasm between what probation officers are expected to do and what they can do: deluged with unmanageable caseloads, some probation officers simply gave up. But in some large part, the problems in the San Francisco Adult Probation Department have not been caused by internal administrative problems; rather, they are merely symptoms of a larger doubt as to whether the concept of probation supervision, as we know it throughout California (and in most other states), makes any sense at all. One veteran probation officer submitted the following comment:

"For a variety of reasons that have to do with a public demand for retribution, a political response in the form of legislation which limits the freedom of the courts in the matter of sentencing, the inexperience of most judges in all but strictly legal matters and the failure of our universities to take the lead in developing a corps of trained professionals able to respond relevantly to rapid changes in the social structure, we are saddled with a billion dollar probation system which is utterly useless in the control of crime. Most of the workers in this gigantic non-system have not even the faintest notion what they ought to be about. There has been great enthusiasm in urban areas all over the country for placing the police, probation departments, the jails and related agencies in one single Department of Corrections as though a shuffling of tables of organization would solve all problems, when plainly the emphasis now should be on a Department of



## ADULT PROBATION DEPARTMENT (continued)

Crime Prevention if there is to be any reorganization at all.

'The probation officer must develop a plan of supervision with the treatment goal law-abiding and socially responsible behavior appropriate to each person, defined and delineated,' says the training manual of San Francisco's Adult Probation Department, where I have been a senior officer for too many years. The training manual was written about a year ago because it was generally felt that we ought to have one, but for thirty odd years before, and ever since its distribution, workers have simply moved from one petty paper crisis to another: a pre-sentence report to be completed; a motion to revoke probation to be submitted to the court; while maintaining the fiction that the probation system serves a useful purpose.

We have been doing this for so long that only occasionally, when we get into some very tight place, can we bring ourselves to say aloud that the emperor really has no clothes on."

Accordingly, while we believe the Adult Probation Department can no longer continue in its state of administrative disrepair, and that internal changes are necessary, we are convinced that the time has come for the Legislature to undertake a fundamental reexamination of the concept of probation supervision as we now know it in California.

### III. THE NEED FOR LEGISLATIVE REEXAMINATION OF THE PREMISES OF PROBATION SUPERVISION

Like other probation departments in the state, the San Francisco Adult Probation Department is obligated by law to perform two independent functions:

1. The Probation Department gathers information and prepares a report (including sentencing recommendations) on persons who have been convicted of a crime and who must come before the court for sentencing. This report is called a "pre-sentence report."

2. The Probation Department supervises people who have been convicted of crimes in both Municipal and Superior Courts and who are "put on probation" by the Court at the time of sentencing.

Our immediate concern is with the second of these functions--probation supervision--and we will return to the question of presentence reports later.



## ADULT PROBATION DEPARTMENT (continued)

Probation "supervision" in San Francisco operates on a model that is similar to most jurisdictions in California. After a person is put on probation, it becomes the duty of a probation officer to whom the "case" is assigned to "supervise" the person. In theory, the notion of "supervision" is hopelessly confused because of an inherently schizophrenic definition of the role of the probation officer. On the one hand, the P.O. is supposed to counsel, help, treat, aid and comfort a probationer. On the other hand, a P.O. possesses the power to file a petition to revoke probation and to send a probationer back to jail. Thus, a P.O. is expected to play a priest in Act I, a policeman in Act II, and to preserve the trust and confidence of his or her probationer in the process. Needless to say, this is a particularly difficult role for the best of masquers, and most probation officers feel that they must choose which of the two roles to play, depending upon their personal philosophies as to the relative importance of (a) protection of society and (b) rehabilitation of offenders.

In practice, the cornerstone of probation "supervision" is the requirement that a probationer "report" to the P.O. This means that an offender is supposed to check in with his or her P.O. at regular intervals and to let the P.O. know how the offender is doing. Reporting may mean that a probationer is required to appear personally at the Hall of Justice to meet with his P.O. during ordinary working hours. However, in San Francisco, personal reporting is done infrequently; most "reporting" is accomplished by telephone or by letter.

Regardless of whether reporting is accomplished by personal appearance or by impersonal communication, there is little evidence that "reporting" does much good at all. No serious therapy or counseling is accomplished by "reporting". No educational or job skills are increased by "reporting". Except in cases of drug abuse, where needle marks may disclose continued usage, "reporting" is not a helpful way of finding out whether a probationer has or is committing crimes. In short, the requirement of "reporting" has little deterrent or rehabilitative effect. For example, during fiscal year 1974-1975, there were about 4,000 persons on probation to the Adult Probation Department from the Superior Court and, during that year, the Department filed only 204 motions to revoke probation.<sup>1</sup> Of these 204 motions to revoke probation, there are no statistics available to determine how many motions were initiated after an arrest by the police and how many were initiated by a probation officer who had discovered criminal conduct. However, interviews with the Department confirm that few motions to revoke probation are made by probation officers without an arrest having occurred. This should not be surprising. What is surprising

---

<sup>1</sup>. San Francisco Adult Probation Department, Annual Report 1974-1975, p. 10.

## ADULT PROBATION DEPARTMENT (continued)

is that the system would expect probation officers, sitting at desks in the Hall of Justice, to be able to diagnose criminal conduct by their probationers on the basis of a monthly "report".

This situation, we repeat, is not unique to San Francisco. "Reporting" is the touchstone of probation throughout the State, and the fact emphasizes the need for comprehensive, statewide inquiry by the Legislature.

The need for legislative reexamination of probation services is bolstered by studies of the California Probation Subsidy Program. The Probation Subsidy Program was developed as a result of a 1964 State Board of Corrections study which found probation services to be inadequate. Accordingly, in 1965 the legislature passed enabling legislation that provided for subsidies to local probation departments for special probation units. These units had limited, specially selected caseloads and members of each unit were given special training. The program was implemented during 1966. San Francisco participated between 1971 and 1974, when the Board of Supervisors refused to appropriate matching funds. In general, the Special Supervision program was and is designed to select younger, violent-prone individuals and to provide them with probation supervision under optimum conditions.

Overall administration of the program at the State level was given to the California Youth Authority, although the special units themselves operated in both juvenile and adult probation departments. In 1975, the Youth Authority released a follow-up study of probationers in special supervision units: California Youth Authority, California's Probation Subsidy Program, A Progress Report to the Legislature, Report No. 2. The report contains follow-up recidivism studies of persons put on probation to ordinary or "conventional" units and of persons assigned to "special supervision" units. Probationers assigned to both units were rated as to their "risk" of committing another offense, so that a fair comparison between units could be made. The results of the study are summarized in the report, and the following tables illustrate the percentage of probationers in special and conventional units who are arrested or convicted within a year of being put on probation:<sup>2</sup>.

---

<sup>2</sup>.C.Y.A., California Prob. Subsidy Program: A Report to the Legislature, Report No. 2 (1975) pp. 24-25.

ADULT PROBATION DEPARTMENT (continued)

TABLE 11  
PERCENTAGE OF ADULT PROBATIONERS ARRESTED<sup>a</sup>

Risk Category	Total Arrests		Felony Arrests	
	Subsidy	Regular	Subsidy	Regular
Total	45.6	40.0	31.1	26.8
High Risk	68.2	70.1	53.2	56.7
Medium Risk	46.3	49.3	30.3	29.7
Low Risk	25.8	24.5	13.2	14.7

<sup>a</sup>All differences are not statistically significant.

TABLE 12  
PERCENTAGE OF ADULT PROBATIONERS CONVICTED

Risk Category	Total Convictions		Felony Convictions	
	Subsidy	Regular	Subsidy	Regular
Total <sup>a</sup>	33.2	26.4	12.4	7.3
High Risk	51.9	50.5	20.8	20.6
Medium Risk	30.9	33.1	13.3	8.8
Low Risk	19.8	14.4	4.4	1.9

<sup>a</sup>Differences between total percentages are significant for both total and felony convictions. All other differences are not significant.



ADULT PROBATION DEPARTMENT (continued)

In his letter of transmittal to the legislature, the Director of the Youth Authority wrote:<sup>3</sup>

" . . . the study suggests that there is no difference between regular and special probation supervision in relation to recidivism. If this is true, we need to reexamine existing practices to determine if there are more effective ways to use state subsidy dollars. The Youth Authority is currently in the process of reformulating the statewide standards as part of this process.

\* \* \*

Finally, the results of the present study point to the great difficulty encountered in attempting to design and conduct effective rehabilitation programs, whether in institutions or in community settings. A greater percentage of our efforts and resources should be focused on delinquency prevention and diversion programs as potentially viable alternative means of achieving our goals of reducing crime and increasing the safety of our citizens."

Cursory readers of this report may jump to the following wrong conclusions:

1. That we want to do away with supervision of offenders on the streets;
2. That we want more offenders to go to prison;
3. That we have given up the possibilities of rehabilitation in the community.

It makes little sense to replace the concept of probation supervision, as we now know it, with the concept of state prison, as we now know it. Both systems have demonstrated nearly equal ineffectiveness. Perhaps the answer is a reallocation of resources toward the problems of youth, as the Director of the Youth Authority suggested. Perhaps one answer lies in a proposal submitted to us by a Senior Probation Officer:

"For the repeater we must have close

---

<sup>3</sup>. Id. Introduction.

## ADULT PROBATION DEPARTMENT (continued)

surveillance on the street. But those who exercise surveillance ought to be from the same social class, and ought not to be headquartered in an imposing courthouse. They should be able to work with offenders on the street, based perhaps in neighborhood police stations and sharing authority with the police; but able to soften the impact of the police, and able to make themselves heard at city hall when the neighborhood need is for jobs and welfare. What we do not need are more representatives of the middle classes preparing reports that so-and-so 'reported this date, situation unchanged.'

"We now have millions of probationers throughout our land, and a rapidly growing army of probation officers who merely meddle in the affairs of their 'cases' at tremendous cost to the taxpayer but with no measurable benefit to either, except perhaps to the extent that our probation system, oriented toward behavior modification rather than crime prevention, has permitted the biggest and still growing business of America to have become the business of crime, and expect to the extent that more college graduates are getting jobs in probation."

We do not pretend to be able to tell the legislature how to redesign probation or how to design alternatives to probation. We do know, however, that probation supervision is not working in San Francisco, and the available evidence suggests that there is enough doubt as to its effectiveness in other parts of the state to justify a full legislative review.

### IV. INTERNAL PROBLEMS AND REMEDIES

Everyone knows that legislative change does not occur overnight, if ever. There are things that can and must be done within the San Francisco Department to bring it out of its present chaos. We do not need to spend more money. We do need to reorganize and to adopt caseload controls. In general, more of current budget must be allocated to training and supervision, less to line positions that are ineffective.

In sum, our premises are as follows:

A. Because of lack of demonstrable effectiveness on a statewide basis, increased funding for probation is not justified.

## ADULT PROBATION DEPARTMENT (continued)

B. We can, however, expect a well-organized Department to produce measurable results with cases likely to benefit from supervision; we should not continue to expend resources on probationers who will not benefit from supervision;

C. Within existing budget, the Department should be reorganized to permit it to do a good job with those cases likely to benefit from supervision.

Specific problems and recommendations are as follows:

PROBLEM: The department has been allowed progressively to deteriorate over the years.

RECOMMENDATIONS: The judges of the Superior Court must accept and exercise their power and duty of supervision of the Adult Probation Department. The Superior Court judges must appoint a standing committee to oversee the Department, and judges appointed to this committee must not have any other administrative assignments on the court. The committee must get to know and understand the problems of the Department. The committee can help to implement caseload limitations.

PROBLEM: Current caseloads are unmanageable.

RECOMMENDATIONS: Establish priorities for active supervision. Experienced probation officers can tell which cases can benefit from supervision, which are marginal, and which cannot. The Youth Authority and Alameda County have both devised written standards to ascertain the likely effectiveness of active supervision. If need be, adopt Alameda County's standards and modify them with experience. Then, concentrate available supervision resources on cases with the highest chance of success!

The committee of Superior Court judges should be sensitive to the guidelines of the Department and should put probationers with low possibility of benefit from supervision on probation to the court. During 1975, the Municipal Courts adopted a policy of limiting supervised grants to cases where supervision could do some good. The Superior Court can follow suit. If the Superior Court fails to cooperate, and continues to put hopeless cases on probation to the Department, the Department should provide only the most minimal supervision for those cases. Moreover, the Superior Courts routinely place all probationers on probation for a period of 3 years regardless of individual need. Shorter periods of probation, where warranted, will eventually serve to reduce caseloads.

PROBLEM: There is an almost total lack of administrative supervision within the Department, and no training.

RECOMMENDATION: Create necessary administrative super-



## ADULT PROBATION DEPARTMENT (continued)

visorial and clerical positions within existing budget by freezing Deputy Probation Officer vacancies. Various suggestions for reorganization have been submitted to the Grand Jury, and these should be discussed with the committee of judges. However, a reorganization should include the following characteristics:

1. Create a position of Assistant Chief Probation Officer with immediate responsibility over supervision and training.

2. Traditionally, Senior Probation Officers have been assigned to supervision of Superior Court cases, while Probation Officers have been assigned to Municipal Court cases. During the past year, approximately 25 Senior Probation Officers have supervised Superior Court cases, while approximately 40 Probation Officers have supervised Municipal Court cases. In short, the supervisory resources of the Department have been allocated overwhelmingly to Municipal Court cases (misdemeanors) rather than to Superior Court cases (mostly felonies). Moreover, the two units -- Superior Court and Municipal Court -- have been geographically separated in the offices. The Superior Court unit is on one side of the building and the Municipal Court unit is on the other side. This means that inexperienced Probation Officers have little chance for on-the-job training from Senior Probation Officers. This absurd traditional organization should be abandoned and supervisory units should be made up of both Probation Officers and Senior Probation Officers. Seniors should handle most difficult cases and P.O.'s should handle less difficult cases, whether they be referrals from Municipal or Superior Courts. Existing Civil Service job scopes do not require Municipal Court/Superior Court segregation of duties. The 8442 (Sr. Probation Officer) scope simply requires "investigating and supervising more difficult cases." Moreover, the 8442 job scope permits "assisting in the supervision of a unit." Accordingly, the aforementioned consolidation of Seniors and P.O.'s can be accomplished within existing civil service job descriptions.

3. Create sufficient 8434 (Supervising Adult Probation Officer) positions so that there is one supervisor over not more than eight P.O.'s. Since supervising units should be comprised of Seniors and P.O.'s, this would mean that there would be one supervisor over every unit of between 10 and 12 line workers. Do not allow supervisors to carry personal caseloads.

4. Create a new position of Training Officer at a rate equal to that of 8434. Insist that all new employees get adequate training before assuming case-work.

5. Realize that it is foolish to expect probation officers to work without adequate clerical and secretarial help. We do not save money by requiring probation officers to perform clerk's work. Again, freeze line P.O. positions and use those funds to restore a proper balance between P.O.'s and secretarial and clerical staff.

## ADULT PROBATION DEPARTMENT (continued)

PROBLEM: Most probation officers in the Department have never passed a civil service examination. The last examination for Supervising Probation Officer was given in 1968. The last examination for Probation and Senior Probation Officer was given in 1971; shortly thereafter, a lawsuit was filed in Federal Court by minorities challenging the test, and the test has not been given since. As a consequence, most employees of the Department are temporary. This fact has produced serious problems of morale for the following reasons:

1. Probation Officers don't know whether they will still be employed after an exam is given, since they may be replaced by someone from outside who scores better on the exam. This encourages a feeling of transience and discourages efforts to make constructive contributions to the Department.

2. Supervising Probation Officers are also temporary. There are supervising people who may score higher on the test than they do. In other words, as soon as the test is given, the supervisor may become the supervisee. This fact destroys authority necessary to enable a supervisor to function.

RECOMMENDATIONS: It is inexcusable that the City has allowed these tests to be suspended in Federal Court for a period of nearly five years! This doldrum is a good example of a problem that the judges of the Superior Court could have solved if they had pressed for an earlier resolution of the problem. The Federal Court suit has been settled by a consent decree. Nonetheless, there is still no test and no list. The judges can and should see to it that these tests are given as soon as possible.

PROBLEM: Supervision and counseling are both ineffective when probationers must report to probation officers in offices at the Hall of Justice, located in one of the least accessible areas of the City.

RECOMMENDATIONS: Supervising probation units should be moved out of the Hall of Justice and into the communities at the earliest feasible time. Such a move might be appropriate in order to create space for additional criminal courts at the Hall of Justice. In any event, the Hall of Justice should not be expanded until supervising probation units are moved into the community and space in the Hall of Justice currently used by these units is used for other purposes.

## V. PROBLEMS OF PRESENTENCE INVESTIGATIONS

The law requires the Department to submit a presentence report to the court in every felony case and to submit a report in misdemeanor cases when requested to do so. Between 12 and 13 Senior Probation Officers are currently assigned to an "Investigation Unit" with responsibility to prepare these reports.

The ostensible purpose of this report is to provide a judge



## ADULT PROBATION DEPARTMENT (continued)

with information to help the judge decide how an offender should be sentenced. However, for many years, because of the mechanics of the plea-bargaining process, these reports have been little more than a sham, and nobody knows that fact better than the probation officers who are required to prepare the reports. Needless to say, they are anything but sanguine at the prospect of spending day after day preparing reports that have no functional value.

Until now, these reports have been a sham in the overwhelming majority of cases where a plea bargain has been entered into, because the defendant's sentence has already been agreed to, openly, by the District Attorney, the defense attorney and the judge at the time the plea is entered and before a presentence report has even been requested. Under law, the judge must make the bargain conditional upon review of the presentence report; if the judge reads the report and refuses to go along with the plea bargain, the defendant will be allowed to withdraw his guilty plea and proceed to trial. However, our interviews within the Department have convinced us that judges rarely change their minds upon review of a presentence report. For example, one Senior Probation Officer told us that, in his ten years in the Department, he had known of only eight instances in which judges refused to go along with a plea bargain after review of a presentence report. There was uniform agreement to the effect that judges pay scant attention to presentence reports in plea-bargain cases.

At present, it is simply unclear whether this will continue to be a problem. The District Attorney has announced a policy of eliminating plea bargaining in felony cases, and, if plea bargaining were eliminated in felony cases, those cases would go to the judge for sentencing without a prior agreement. The presentence report would become important and viable. However, it is uncertain whether, or to what extent, the District Attorney will be able to accomplish his goal of doing away with plea bargains. Our interviews with Senior Probation Officers have produced conflicting points of view: some have noticed a decrease in plea bargaining and a consequent increase in reliance upon presentence reports. Others have noticed no significant change.

It is clear that, when a plea bargain is entered into, a "presentence report" arrives too late to do any good, like the nineteenth century cavalry officer who arrives at the fort with a coded message, only to discover that the fort has been reduced to smoking ruins. Where plea bargains are entered into, it is crucial for the system to have adequate information about a defendant before everyone agrees to the bargain, not weeks later when the defendant is sentenced.

Other counties have recognized the need for adequate information at the time the defendant enters a plea, and they have devised a "pre-plea report." This report, prepared by the probation department, contains as much information about a defendant as is available without interviewing the defendant. Often such a report will provide the court with information otherwise unavailable. For example, the courts



## ADULT PROBATION DEPARTMENT (continued)

in San Francisco, at least until very recently, have repeatedly put defendants on probation who were already on probation. Indeed some defendants are currently on four to five separate grants of probation arising out of convictions for four to five separate felony offenses. It is doubtful that this pattern of multiple probation grants would continue if the courts had a "pre-plea" report available to them at the time of sentencing. A particularly good form of pre-plea report is used in Contra Costa County, and it could easily be adapted for use in San Francisco. We recommend:

If felony plea bargaining continues, the courts should require a pre-plea report from the Probation Department prior to the time that a negotiated plea is even tentatively agreed to by the court. Such a report, if the court approves the plea, and should not place increased duties upon those responsible for preparation of presentence reports.

Finally, it is not necessary to use Senior Probation Officers to prepare all phases of an investigative report, as is done now. Skills necessary to the preparation of a report are (a) ability to gather information, (b) ability to organize information, (c) ability to write coherently, and (d) ability to make a sentencing recommendation. Only ability (d) is peculiar to Senior Probation Officers. We recommend:

That clerks and Probation Officers be used to gather and organize information necessary for preparation of an investigative report, that Senior Probation Officers supervise this process and retain authority to make sentencing recommendation, and that the reports be written by Probation Officers. Talents and energies of Senior Probation Officers (including abilities to do direct case work, to supervise, and to train others) are wasted when they are required to perform quasi-clerical functions.

## SAN FRANCISCO LAW LIBRARY

The San Francisco Law Library is a stepchild of City government: only about 1/5 of its expenses are paid from City funds; the remainder is paid out of fees levied upon complaints filed in the civil courts. Since its creation in the 1850's, the Law Library has been managed by an independent board of trustees, divorced from both electoral politics and civil service, that has been largely self-perpetuating, in the sense that the trustees themselves have selected their successors. While this method of management may not, on its face, satisfy strict dictates of democratic theory, it has, in practice, produced an institution free of the patronage of electoral politics, unhampered by the mediocrity of civil service, and unusually dedicated to excellence. The San Francisco Law Library has been and continues to be one of the finest law libraries in the State.

## SAN FRANCISCO LAW LIBRARY (continued)

All in all, the Law Library represents the closest approximation that we can offer to the tradition of excellence of the British civil service. The "Head Librarian" of the Law Library is called, simply, the "Librarian". There have been only six librarians of the Law Library since the 1870's. Each librarian (including Mr. Harold Rowe, the present librarian) has been required to spend years of apprenticeship under the prior librarian, and, unless this tradition is uprooted, the next librarian will have undergone the rigors of this training. The pride of the position can be illustrated by the fact that the precursor of the present librarian instructed the Board of Trustees not to increase his salary because he was afraid that, if the position became lucrative, it would soon become an object of patronage.

Here are some facts about the Law Library:

1. The Law Library operates two branches--one in City Hall and one on the ninth floor of Mills Tower, 200 Bush Street. Both branches are open to the general public and, suprisingly, they are visited by more non-lawyers than by lawyers.

2. The City Hall Law Library maintains a complete set of all cases and all statutes in every state in the United States.

3. When lawyers submit cases for decision to the Supreme Court of the United States, they file copies of written briefs in support of their position. After the case is decided, copies of these written briefs are distributed to 23 law libraries throughout the United States. The San Francisco Law Library is one of the 23 law libraries in the country that receives the original briefs from the U. S. Supreme Court.

4. The staff of the Law Library is unfailingly helpful and courteous, although they are prohibited by law from giving legal advice. If you are fed up with gruff, discourteous treatment by city bureaucrats, visit the Law Library.

For some years, the Law Library has requested that the Board of Supervisors supply it with additional shelf space for books. However, substantial shelf space is devoted to bound volumes of lawyers' briefs from the State Supreme Court and Courts of Appeal--dating back to 1906. These briefs have unquestionable historic value. Nonetheless, briefs on cases more than 10 years old have little practical value to the public or to lawyers. And, in this age, it is not realistic to ask the taxpayers to pay for a museum of legal scholarship. Accordingly, we recommend that the Law Library donate its state court briefs, more than 10 years old, to a university or law school and that shelf space be made available for its current volumes, some of which are now stacked on the floor.

Harold J. Bentson

Gordon Chin

Richard M. Sims III, Chairman



## PORT COMMISSION

### I. Introduction

During the past year, the Grand Jury has had numerous meetings with Port staff. We have found Mr. Tom Soules, Port Director, to be highly competent. Mr. Soules possesses an extensive maritime background and has been able to work well with development interest, maritime tenants and the public.

The Grand Jury report will focus on the following:

1. The Port's budget and financial condition
2. The Port's relationship to other City departments
3. Federal funding
4. Property management
5. Accounts receivable
6. Non-maritime development
7. Hunters Point and maritime development
8. Regional planning
9. Public scrutiny of the Port

When San Franciscans voted to take over the Port in 1968, most citizens were optimistic that the vote was towards rightful local control and increased revenues. Today, in 1976, some are questioning the wisdom of that decision. News accounts in January of this year warned of deficits and the inevitability of the Port's dependence on the ad valorem tax rolls. The public's attention has also focused on the Port's obligation to repay a bonded debt of \$87 million, and the Port's efforts to develop the Hunters Point Shipyard.

The Grand Jury feels that many of the Port's current problems are the compounded result of the lack of planning and foresight when the State transfer was approved. When the Board of Supervisors held hearings on the Port in 1974, most witnesses recommended against resumption of State control, citing Port problems under State control in the last decade, and the fact that increased competitiveness between West Coast ports necessitated local control. However, most speakers also agreed that such hearings should have been held in 1968. While initial planning would not have relieved all of the Port's problems today, certainly this planning, public input, and scrutiny may have alerted the City to the consequences of Port decisions made in the crucial first few years of City control.

It is perhaps because of San Francisco's "issue orientation" that the public and the City has only focused attention on the Port in times of crisis. Grandiose plans to develop the Northern Waterfront were met with intense opposition from environmental groups. Subsequent development of maritime facilities in the Southern Waterfront have not



## PORT COMMISSION (continued)

sustained sufficient revenues. The ballot argument in favor of the \$34 million G.O. Bond issue which San Francisco voters passed in 1971 states that:

"the bond issue is a carefully planned investment. No bonds will be sold until the City is assured rentals and cargo revenues at Pier 94 will pay them off. Pier 94's great contribution to the City's economy will be gained without any cost to the taxpayer"

Environmentalists, as well as business and labor, were supportive of the 1971 Bond Issue, as possibly lessening the pressure to develop the Northern Waterfront (the analogy can be made to environmentalist support for Hunters Point Shipyard recently). However, subsequent events (including a reported earthquake at Pier 94), did not lead to substantial revenues. In 1974, the Board of Supervisors considered a recommendation that the Port should:

- a. "determine the ship and passenger needs of the Bay Area to find which of these regional needs San Francisco is uniquely situated to fill;
- b. investigate the techniques of construction on Bay fill and the options on existing land so as to assure the safety of any future piers, and
- c. develop a plan to make all maritime facilities, as nearly as possible, self liquidating."

These are precisely the types of studies the Port should have initiated in 1969, or at least after 1971, when the bond issue was passed. In addition, the City must share responsibility, in not securing the administrative capacity of the Port in its transition to a City agency. As such, the need for planned development and administrative reform, are just as necessary today, as they were in 1969.

## II. Budget

The possibility that the Port may have to go on the ad valorem tax rolls has been delayed, but certainly not diminished. This is because the Port has received a \$2.9 million insurance settlement from the Pier 37 fire. The Port's budget for Fiscal Year 1975-76 of some \$17.4 million reflects higher costs in fuel, maintenance, personnel salaries, interest and depreciation. The Grand Jury feels that the Port has made attempts to control operational costs and the City has rightly focused on such control. However, we also realize that administrative problems may only be solved by increased management capacity. The present Port staffing of 269 positions is a significant decrease from a high of 393 at the time of the transfer.

## PORT COMMISSION (continued)

The Port will soon have a Director of Administration who will be of valuable assistance to the Port Director in his efforts to make reforms and correct problems which have existed for years prior to his arrival. The Grand Jury offers the general impression that while public scrutiny of the Port budget is very necessary, the City should allow the Port Director the flexibility to make these changes. In this respect, we suggest that serious consideration be given to exempting top staff from Civil Service. Where public scrutiny is most needed is in the immense costs of development, both maritime and non-maritime. The Grand Jury will make recommendations along these lines later in this report.

### A. Relationships to Other Departments

Mr. Orsi, then Acting Port Director, told the Board of Supervisors in 1974 that:

"When the City. . .took over the Port, two big problems occurred. Various City agencies did not read the Transfer Agreement, and the Port did not read the Charter."

The Grand Jury is aware of both the Port's desire to have the City "subsidize" certain City functions which the Port now pays for, and the City's desire to keep these services out of ad valorem funded departments. Certainly, the City must evaluate these alternatives on a case by case basis, and determine if cost savings may be possible, regardless of which agency pays for it.

Perhaps the most controversial of these cases is the Phoenix Fireboat, which costs the Port \$931,000 a year (26 Firemen) to operate. The Port has tried, unsuccessfully, to have this cost transferred to the Fire Department. The Grand Jury views the costs of this facility as exorbitant in light of similar fire services in other Ports. A recent study by U. C. student researchers has outlined alternative arrangements, detailing costs and service levels possible. The Grand Jury strongly urges the City, the Port, and the Fire Department to consider this data to reduce fire boat costs prior to the next budget process.

Another issue which has been acted on by the City this year, was in transferring the Port's counsel to the City Attorney's budget, who will be billing the Port for services rendered. Whether this will save costs in the long run should be a matter of close scrutiny by the Port and the City.

Other areas which need study include:

a. possible increased assistance from the Real Estate Department in property management,



## PORT COMMISSION (continued)

- b. further assistance from the City's Electronic Data Processing,
- c. the option of purchasing electric power from Hetch Hetchy, rather than P.G.&E.,
- d. street repair (DPW),
- e. accounting and financial audit services (Controller's office),
- f. planning services (City Planning).

The Grand Jury is aware of some Port initiatives to explore these areas, particularly with Hetch Hetchy. These efforts have not been successful, and it is our opinion that these issues will not be resolved between two departments without the involvement of the Mayor or the Board of Supervisors. Thus, we recommend that the Board of Supervisors' Budget Analyst undertake a Management Audit specifically on the issue of Port relationships with other City departments. Such an audit should consider the following:

1. Transfer of Port staffed services to other departments, which could bill the Port.
2. Cost reductions to be derived.
3. Possible legal problems (such as Raker Act constraints with Hetch Hetchy.)
4. The extent to which some arrangements, such as increased Real Estate involvements, may affect other Port policy.

### B. Bond Costs

Of major concern to the Port is the long range problem of bond redemption and interest costs. The Port currently has over \$87 million bonds outstanding, including: \$37 million in State G.O. bonds, \$19 million in City revenue bonds, and \$30 million in City G.O. bonds, (\$4 million in City G.O. bonds has not been issued). Bond costs in 1975-76 totalled \$7,234,367. Of this, \$4.3 million was interest, and \$2.9 million principal. This represents 43% of the Port's total budget, though the proportion will be reduced in future years, unless new bonds are voted such as for Hunters Point. Present opinion is that the Hunters Point issue will be G.O., with a preliminary estimate upwards of \$40 million.

As the Grand Jury is very cognizant of the City's long range debt, we caution the City to scrutinize future Port bond requests. Of particular concern is the fact that the 1971 Port issue of \$34 million was exempt from the City's 12% bond limit. When added to other such "exempt bonds" (Airport, Sewers, Water), the City should closely watch revenues which accrue. As a major criteria for granting the exemption is precisely the assurances that revenues will be sufficient, the revenues which have accrued to the Port from the 1971 Issue, do not contribute to public confidence in future Port requests. While we state this concern, the Grand Jury is also aware that the lack of planning for the 1971 Issue cannot be attributed to the current administration.



## PORT COMMISSION (continued)

In addition, we have also been informed that much needed fishing industry improvements may also be subject to further ballot issues.

### C. Capital Budget

The Port's Capital Improvement Program includes the following projects, to be funded between 1976-82:

#### Harbor Improvement Fund

a. Ferry Building Improvements	\$4,000,000
b. Pier 94-6 Repairs	\$2,500,000
C. Embarcadero resurfacing and drainage	\$1,700,000

#### G.O. Bond Fund

a. Pier 94 surcharge and grading	\$1,000,000
b. Hyde St. Pier/Fishermans Wharf	\$4,000,000
c. Islais Creek dredging	\$ 800,000
d. Alvord Grant	\$ 150,000
e. Pier improvements	\$ 200,000
f. Hunters Point	\$5,000,000
g. Mission Creek	50,000

It should be noted that the allocation to Hunters Point, though initially to go towards acquisition and Master Lease obligations, is still earmarked for the Yard. As the Port will be seeking a sub-lease arrangement, primarily for a marine terminal, engineering studies and maintenance costs will still be necessary. In addition, the Grand Jury commends the Port's commitment of capital funds for Fisherman's Wharf Fishing Improvements.

The Grand Jury recommends that the Board of Supervisors hold hearings on future plans (and revenues) for Pier 94, before any additional bond funds be spent there. Serious questions remain as to the costs of repairing this facility on fill, and the cost of operating it (estimated as up to \$800,000 annually). While we are aware that the Port feels that too much has been invested to stop now, the City should know if "good money is being thrown after bad". As an initial step, the Port could defer additional Pier 94 spending until a firmer idea is realized on Hunters Point costs.

### III. Property Management

The Port's increasing responsibilities for the management of non-maritime property was a serious concern to both last year's and this year's Grand Jury. Last year's Grand Jury commented on the 66 year lease terms of many Fisherman's Wharf restaurants as being a "gift of public funds". The City Attorney subsequently ruled otherwise. The Port has, in addition, adopted leasing guidelines which include

## PORT COMMISSION (continued)

five year reviews. It has been maintained that the 66 year terms are necessary to maintain the stability of such tenants. However, the Grand Jury sees no reason why 20 or 30 year terms would not be more appropriate. We realize that the Port in negotiating recent leases, has been more concerned with uses than with length of terms. Yet, we feel that the Port should state as policy standard lease terms (on a range of years) for particular non-maritime uses. We are aware that long term leases are no longer being let for parking lots, and thus suggest that limits be imposed on all non-maritime uses, including restaurants, gift shops, etc.

In addition, it is curious that as 66 year leases normally result in higher "possessory interest" assessments, most of the tenants have challenged increases to the Assessment Appeals Board.

A separate issue is the need for Port capacity to regularly audit its non-maritime lessees. As almost all Port lessees pay a percentage of gross receipts, audits of revenues are essential. The City should allow the Port sufficient internal staff to perform these audits, or consider Controller assistance.

We also believe that the Port should look into additional consulting and/or staffing resources from the Real Estate Department. We understand that the Transfer Agreement provides for Port control over the lands held in trust. Whether additional assistance would conflict with the Transfer Agreement should be researched.

In addition, the Board of Supervisors should consider the feasibility of seeking additional review powers over Port non-maritime leases, perhaps over a certain monetary level. This authority would probably require State legislative action. The Grand Jury mentions this option only for the Supervisors' consideration. While Port properties which are non-maritime in nature, may be "related" to maritime activities, we feel that lands held by City departments which are no longer necessary for that department's primary activity should be developed with a City wide focus and review.

### IV. Accounts Receivable

Backlogs in accounts receivable collection have occurred in three areas: rental accounts, damage claims and tenant services. The total accounts receivable of \$1.28 million (March 1976) includes: \$588,000 in current billing; \$171,000 "suspended"; and \$200,000 in damage claims.

The rental accounts were the subject of both press and Commission comment. Particular reference was made to Ferry Building tenants. As of February 29, 1976, rental accounts due were:



PORT COMMISSION (continued)

\$212,268 - current billing  
\$ 30,220 - 30 days past due  
\$ 3,542 - 60 days past due  
\$ 4,619 - 90 days past due  
\$110,870 - over 120 days past due

The Port has assigned a staff to collect on the bills, many of which are over 4 months old. In inspecting status reports on the accounts, it appears that many of them were delinquent because of "business setbacks" or other mitigating circumstances. There also appear to be many cases where the billing is contested by the tenant. As these disputes drag on, interest and penalty charges continue to be levied further adding to the total accounts receivable.

The Grand Jury suggests that the lack of standard operating procedures and a formal Rental Policy, have contributed to the disputes. The Port should institute a "checklist" of all tenant obligations a tenant must fulfill before receiving a lease, such as first and last month's rent and proof of financial security. Adequate screening of tenants may be improved, as we cannot believe that Port tenants are unique to having business setbacks. The Port has not pursued legal measures against delinquencies, in the early stages (60-90 days), such as filing actions for unlawful detainer. Instead, Port staff continue to "negotiate" repayments.

Damage claims and tenant services also contribute to the backlog. Damage claims are usually complex and often are settled through litigation to answer questions such as "how much damage a tenant's ship caused to a Port facility".

"Tenant services" involves tenants who have not paid for Port performed work. These problems are also complex and are sometimes the result of the Port's lack of controls. Studies by Port staff recently assigned to check previous billings, show that in 1974-75, most billings were received by tenants between six months to one year after the work (such as maintenance) was performed. Problems occurred for various reasons, including the fact that Port maintenance staff did not routinely charge work orders to tenants. Also, as the billing for materials were some times delayed, the Port was billing on the estimate, and had to pick up the difference when the materials costs were evidenced.

In the area of work orders and tenant services, the Port Director has taken positive actions to correct the problems and has translated them into Port policy, including:

1. That all construction/maintenance over \$10,000 require Commission approval.
2. That staff should report to the Commission all cases where an initially estimated work of under \$10,000 eventually exceeded this amount.



## PORT COMMISSION (continued)

3. That proposed repairs and construction be reported to the Commission as part of the Capital Improvement Program Budget.

While the Port Director has taken the responsibility of reviewing all work orders and credit memos issued, it is anticipated that the new Director of Administration will be eventually responsible for insuring that controls are implemented. In this respect, we reemphasize our earlier belief that additional resources may be necessary in the audits and collections areas. A permanent Collections Desk should be implemented. As we have recommended a Management Audit to study possible assistance from other City departments, the Budget Analyst should ask for an update on the Accounts Receivable in studying further relationships with the Controller's office for possible audit services.

## V. Federal Funds

The Port, in the past, was criticized for failing to procure federal monies as Oakland did. The Port of Oakland has received \$10.2 million in U. S. Economic Development Administration funds for terminal development (\$4 million as a loan). Reported as justifications for this were the general economic conditions and unemployment levels in Oakland. It is important to note that EDA looks toward funding marine terminals only where Port operations are the hub of that City's economy, as in Oakland's Port Authority which includes their Airport, industrial parks, etc. San Francisco's Port has steadily declined in proportion to other industries such as office and tourism development. EDA also perceived San Francisco's own initiatives in these other areas--witness Yerba Buena Center. Lastly, it is important to note that at the time Oakland received its EDA funding, San Francisco did not sufficiently qualify under the "depressed area" guidelines.

San Francisco's reluctance to pursue EDA funding in the past was and is more of an industry wide reluctance to funding with "strings attached". Indeed, the Ports in both the Bay Area and nationwide have banded together to oppose federal legislation financing Ports. The identity of the Port as "a business" has led to certain Ports opposing other Port's efforts to procure federal funding, as San Francisco did in lobbying some years ago, against a Richmond container terminal proposal. In addition, the prospect that a new facility in another City may draw tenants away from your own Port is easily determined since EDA requires information on tenant commitments.

The recent attempts of San Francisco to consider large scale federal funding do not appear to be successful. Oakland was the "exception", and received favorable consideration with some risk undertaken (containerization). EDA's trend is away from funding large terminals. The Grand Jury has also learned that "potential competition" and "duplication of facilities" are other EDA criteria. In other words, EDA is not about to fund San Francisco to compete with EDA money in Oakland. We will return to this question as it relates to the need for

## PORT COMMISSION (continued)

regional planning and the Hunters Point project.

The Port has, with a staff hired specifically to seek out federal resources, succeeded in getting smaller grants, primarily for recreation. These include:

<u>Project</u>	<u>Source</u>	<u>Funding</u>	<u>Purpose</u>
Mission Creek	Office of Community Development	\$ 5,200	public access
Warm Water Cove	Bureau of Outdoor Recreation	32,000	" "
China Basin	Bureau of Outdoor Recreation	250,000	" "
Islais Creek	Army Corps Engineers	800,000	dredging
Fisherman's Wharf	Army Corps Engineers	7,800,000	breakwater
Hunters Point Study (1974)	E.D.A.	153,000	Re-use study

We have referred to the Port's commitment of bond funds for improving fishing on the Wharf. As the project is a joint effort between the Port and the Army Corps of Engineers commitment of a \$7.8 million breakwater, we strongly support both the concept and the financing arrangement. Also, as an additional \$2 million loan will be required from the Department of Navigation and Ocean Development, we urge the Port and the Mayor's Office to make every effort to procure it.

Lastly, we note that while the criticism of the Port failing to go after federal monies is not totally justified by the above record, we urge the City to give every consideration to restoring the Port's staffing capacity in this area, which was cut in the upcoming budget.

## VI. Non-maritime Development/Northern Waterfront

The Port has received considerable attention on proposed Northern Waterfront developments, and the Grand Jury will not recite the particular cases involved. However, we will focus on the need for an accepted total plan for the Northern Waterfront, as a necessary alternative to piecemeal planning.

The Special Area Plan, commissioned by BCDC was adopted by both the City Planning Commission and the BCDC by January 1975. Though the Plan has the effect of law, the Port Commission did not adopt it. The Port criticized the Plan's revenue estimate of \$3 million for the



## PORT COMMISSION (continued)

Northern Waterfront, and the inhibition of flexibility if it approved it. The Grand Jury believes that the Port should either adopt the SAP or come up with their own Northern Waterfront Plan, declaring which lands it considers surplus to maritime needs. This last point is essential information for both potential developers and open space advocates.

It is true that there have been many plans done on the Northern Waterfront. The SAP was the most ambitious. We realize that there were tremendous pressures on the SAP Committee in trying to balance open space needs and developments. However, we also feel that planning should not be dependent on apparently arbitrary revenue projections for developments. Indeed, we feel, in retrospect that adequate maritime planning since the City took control should have preceded any large scale non-maritime development in the Northern Waterfront.

The City Planning Department currently has a planning team situated at the Port to plan fusion to the Northern Waterfront Plan and also to devise a total design plan for the Ferry Building area. One particular project envisioned merits significant attention--that is a "Promenade" from the Ferry Building to the Bay Bridge, where old piers have been declared surplus and are being torn down. As proposed, the project is very exciting and would be a key element in the overall revitalization of that entire area of the City. In addition, it could actually add to the revenues accruing from future surrounding development. However, it would also require extensive cooperation between the Port, City Planning and the Recreation and Park Department.

## VII. Hunters Point

In 1974, when Hunters Point was closed, the Mayor's Office procured a federal grant to study the Re-Use of the Yard, researching areas, such as: existing facilities, land use, employment, environment, and administration. In 1975-76, major hurdles were crossed when the Navy agreed to "lease" the yard and also to finance a \$2 million sewer sanitation system.

While the Navy requested proposals in December of 1975, the Mayor's office explored development alternatives with the Port, and eventually named the Port as proposed Master Lessee in the City's proposal. The proposal included: ship repair, ship building and other industrial uses to be sublet to private firms. It included a deep water marine terminal (at a later stage), and a rail network for bulk goods transport. It stated plans for a marina, a shoreline park and housing. It also addressed the issues of administration, maintenance, support services and financing.

Of prime import were the Navy's concerns that revenues be sufficient to support the maintenance of the Yard, and that the Yard's "character" not be substantially changed in the event they needed it



## PORT COMMISSION (continued)

back. The Port projected revenues from the industrial subleases to cover maintenance, and also as a partial subsidy to eventual terminal development. The Port felt that only by being the Master Lessee, could it insure adequate planning of the various departments, including the terminal and recreation.

In May of 1976, the Navy selected Triple AAA Ship Repair, a private firm, as Master Lessee. The Port must be content now to seek a sublease with Triple AAA. The Grand Jury does not attempt to determine the reasons for the Navy's choice. We have heard many possible ones, including the Navy's lack of confidence in dealing with City bureaucracy. The loss of the Master Lease must be viewed realistically, based on existing Port resources. As the primary focus on Hunters Point was on jobs, many constituencies in the City also may have had more confidence in private enterprise. The Master Lease would have potentially added significant sublease revenues to the Port. However, this potential was equally met with significant responsibility and risk on the City's and the Port's part.

It is unlikely that initial start up activities could have been realized without additional staff and resources for the Port. These resources were not forthcoming. In addition, the City was very concerned over government supplied support services such as security, fire protection, street repair, etc. It is in this context that the Grand Jury must characterize the Navy's choice as perhaps a mixed blessing.

To this date, a tentative agreement between the Port and the Navy, gives the Port "first refusal rights" to any areas given up by the Master Lessee. In addition, as the private firm has a five year lease, with three five year options, additional opportunities may evolve at these intervals.

Thus the Port is looking at Hunters Point now on a much smaller scale. The Marina development, and the revenues from it, will be for the private firm to sublease. The proposed park may never be built, as it was to have been financed (in the Port's Plan) from Marina revenues. There will be no substantial sublease revenues for the Port to subsidize its marine terminal, not to mention other Port operations. A final ironic note is that the Port will be losing an additional \$200,000 in revenues, as Triple AAA is currently a Port tenant at Pier 64.

The Grand Jury suggests that the "dream" of Hunters Point may have been a case of too little too late. While we commend the efforts of Mr. Soules and the Mayor's staff, it is true that little attention was given to Hunters Point by the City since the first Re-Use Study was completed in June of 1974. To be sure, there was no indication that the Navy would lease the yard then.

In the meantime, the Port continued with other projects (Piers

## PORT COMMISSION (continued)

96, 80 and 94), and was not too concerned about Hunters Point. It even envisioned the use of the Yard for automobile transport. While we could not expect the Port to spend too much time looking at a facility which was not available, we do look back in retrospect at other maritime developments costing \$800,000 an acre (compared to Hunters Point cost of \$200,000), and wonder what might have happened if Hunters Point was available in 1971 when the Port had \$34 million in capital bond funds.

To the future, the Grand Jury realizes that a possible bond issue for Hunters Point may be met with public scepticism, which recalls that the 1971 ballot argument asked the voters to "keep our gold mine working". The Grand Jury feels that there are potential problems with Hunters Point, particularly in the rail access and environmental impact. But we also have renewed confidence in a new Port administration. We suggest that the success of the Port in reforming its management problems, and the necessary support by the Board of Supervisors, the Mayor, and other City departments, may well provide the test as to whether the Port is given "another opportunity" to revitalize our maritime industry.

Presently, the Port still has an opportunity to pursue EDA funds for Hunters Point, although not for marine terminal development. EDA Title 9 guidelines provide for assistance to area "impacted by federal action". Possible uses for these funds include maintenance and operations. We urge the Port, the Mayor and the Board of Supervisors to make every effort to procure such funding. In addition, we understand that under the new Public Works Bill, also under EDA, staffing grants may also be applied to capital improvement projects which create jobs. While the Port has already submitted a proposal for \$500,000 for other projects, this legislation might also be considered for Hunters Point.

## VIII. Regional Planning

The Grand Jury believes that the entire Bay Area has suffered from lack of regional cooperation and planning for our Ports. As San Francisco had been the leading West Coast Port for decades, this need for regional consideration was not recognized. The nature of the Bay Area economy today necessitates it. While the Grand Jury supports Hunters Point, as conceptually recognizing unique advantage which San Francisco has, regional cooperation means much more than this. It also means coordinating the future planning of facilities so as to avoid competition. It may even be argued that successful operations in Oakland can benefit San Francisco, and vice versa as other countries and international traders view the Bay Area as one Port area to be compared more with Southern California or Washington.

There are precedents of regional planning attempts. In 1961, the Golden Gate Authority Commission began planning a regional transportation plan for the Bay Area, to encompass all Bay Area Ports, bridges, and airports. This plan was killed in the Legislature.



## PORT COMMISSION (continued)

The Board of Supervisors' State and National Affairs Committee in 1974 did acknowledge the need to study regional cooperation. We quote from the Board's Committee Report:

"The Committee has drafted two resolutions.

The first seeks to bring the ports together for discussions on current and projected facilities and for long range collective planning. The second sets the wheels in motion for an eventual Bay Area Port Authority."

The Committee also cautioned that:

"long range regional goals will not bail the Port out of its current woes. On the contrary, unless we dramatically improve the fiscal picture and the reputation of the Port of San Francisco, it will not be able to enter regional situations with any strength."

More recent efforts include on-going studies by both the Metropolitan Transportation Commission and the Northern California Ports and Terminals Bureau. The MTC Study, as part of a Statewide Transportation Planning effort, has very much a regional focus. Governor Brown has shown interest and is considering appointing a task force to look into California Ports.

The Northern California Ports report is partially completed. It is an economic analysis study on the trade outlook and marine terminals capacities towards the year 2000. The Bureau includes all Bay Area Ports, and San Francisco contributed to the study efforts.

Lastly, the Grand Jury cites an effort by the Washington Ports Association, in creating a "Cooperative Port Development Committee" to review new construction of facilities in Washington State, (divided into 3 sub regions), and also to coordinate federal fund applications. A U.S. Maritime Administration Study of this Washington Committee states that:

"the peer group review of proposed projects should greatly increase the effective utilization of limited land and water resources and public funds, and facilitate the organization of consortia of ports to take advantage of opportunities which might be larger than the available resources of any one port."

The Grand Jury realizes that any consideration of a Regional Port Authority in the Bay Area would necessitate considerable planning



## PORT COMMISSION (continued)

and commitment from scores of government bodies, including the State Legislature and the Governor. Regionalization is an issue that may be more decided by politics than by any economic analysis, no matter how detailed. We urge the Port to investigate current efforts by MTC and the Governor's office, and to present such findings to the Board of Supervisors. It is conceivable that Statewide action is the only alternative, as any regional consolidation in the Bay Area alone may penalize Bay Ports in relation to other West Coast Ports.

However, we also urge that the Port make efforts to explore the applicability of the Washington Ports Plan for the Bay Area. Discussions should be held with other Bay Ports on cooperative agreements. The competition and "lobbying" against other cities' federal fund proposals is particularly distressing and can only serve to hurt the whole Bay Area economy.

## IX. The Need for Public Scrutiny

We have mentioned the fact that many of the Port's problems have resulted from a lack of planning after the State transfer. However, this lack of planning and oversight is a responsibility which the entire City must share. The great responsibilities involved were perhaps too easily left to the Port Commission and staff to deal with. No Commission of five persons, and no Port Director, can decide alone the future of an industry which provides not only maritime employment, but also has perhaps the key influence on whether blue collar industry as a whole can remain in San Francisco. The Board of Supervisors in its efforts to retain business and industry in the City, should look into what role our waterfront plays. The two major commercial/industrial developments initiated by this City, Golden Gateway and Yerba Buena Center, both involve the Waterfront. Planned projects such as India Basin and Eastshore Park both involve the Port and its relationship with the Redevelopment Agency. It has been our impression that such efforts and the public's involvement required for them to be successful, cannot be coordinated if left to the two agencies to work out.

While the Grand Jury has recommended a Management Audit to study the Port's relationship to other City departments in "operating" areas, no management audit or no Grand Jury, can determine the major development decisions the City will be making in the next few years. In this light, the Grand Jury urges the Board of Supervisors to reconsider two suggestions made by its State and National Affairs Committee in 1974. The first would be to establish a Select Committee on the Port to be the Board's watchdog on the Port. One consideration of such a Committee could be to study the possibility of increased review authority by the Board of Supervisors of major developments by the Port, and the legal changes necessary to acquire that authority given the Transfer Agreement.

The other suggestion of the State and National Committee was to establish an Interim Advisory Agency, to be appointed by the Mayor,

## PORT COMMISSION (continued)

and the Supervisors, with a tie breaker from the State. Suggested functions for the Advisory group were:

- a. "developing rules and procedures for the Port to make it conform to other City commissions,
- b. help implement management changes,
- c. establish contact with other Bay Area Ports and lay the ground work for regional cooperation,
- d. encourage public participation by disseminating information about Port operations."

The Grand Jury wishes to make clear that our call for additional review authority is not to place another layer of bureaucracy upon the Port, but derives from our concern that major development decisions of the Port should be City-wide concerns, and not left for only developers and environmentalists to debate. We hope the Board of Supervisors and the Mayor seek this major responsibility, while granting more flexibility to the Port administration in obtaining the necessary resources to carry out reforms to correct management problems which predate the current administration.

The following is a summary of our recommendations:

1. That the Board of Supervisors establish a Select Committee on the Port to serve as the Board's own on-going watchdog on the Port.
2. That the Board of Supervisors and the Mayor establish an Interim Advisory Committee of citizens to advise on management problems and also to initiate regional discussions.
3. That the Port investigate all current efforts and data as to regional planning and report such findings to the Board of Supervisors. In particular, the Port should look into the feasibility of a Cooperative Bay Area Ports Committee similar to such a Committee in Washington State.
4. That the Board of Supervisors seek additional review authority over major Port developments, including lease reviews. In addition, the Port should explore further property management assistance from the Real Estate Department.
5. That the Port establish a clear Rental Policy, including tenant obligations prior to receiving leases.
6. That additional resources be given to the Port to improve its accounts receivable collections and also to perform regular audits of all Port leases.
7. That the City take steps to reduce the costs of the Fireboat.
8. That the Board's Budget Analyst undertake a Management Audit specifically focussed on the Port's relationships with other City departments.
9. That the Port consider deferring additional bond fund expenditures for Pier 94 until more detailed information is available on Hunters Point costs, and that the Board of Supervisors hold hearings



## PORT COMMISSION (continued)

on future plans for both Pier 94 and Hunters Point.

10. That the City make every effort to procure EDA funding for Hunters Point and other loan funds available for the Fisherman's Wharf Breakwater Project.

11. That the Port either adopt the Special Area Plan or come up with its own plan for detailing which lands it considers surplus to maritime needs.

## PUBLIC LIBRARY

San Francisco's Public Library has seen major changes in 1976, including the appointment of a new Library Commission, and the resignation of City Librarian Kevin Starr. After many interviews with Library staff, and inspection of numerous materials, the Grand Jury concludes that the Library is beset with both severe budgetary needs, and internal administrative problems. We mention both of these problems concurrently because we have found that many of the particular issues we will discuss can be attributed to either or both sources.

The Grand Jury feels that the Library, especially in bad economic times, is an essential institution providing needed cultural and educational services at no cost to our residents. Hence, while the majority of our recommendations are non-economic in nature, there are some additional expenditure items which we strongly suggest. The following is a summary of our recommendations:

### Library Administration:

1. That the Library be funded for an Assistant City Librarian position, part of whose duties could include budget preparation and management.

2. Regular management conferences should be held for administrative staff.

3. Increased staff and Library Commission input into major program changes.

4. That formal program oriented needs statements be submitted by all Main departments and branches for program budgeting.

5. That the Library Commission take a more active role in deciding program priorities and internal budget allocations.

### Personnel:

6. The establishment of a Librarian Substitute System.



## PUBLIC LIBRARY (continued)

7. That future Library budgets seek to correct the imbalance between professional and support staff giving more emphasis to support staff, with particular reference to increasing Page hours.
8. That the Library institute a "Service Standard" for all branches.
9. The creation of a Librarian Intern classification.
10. The increased assignment of minority and bilingual staff to minority communities.
11. The creation of a Childeren's Librarian classification.
12. Library utilization of "Job Sharing".
13. That the Library Commission re-evaluate affirmative action efforts.

## Book Budget and Collections:

14. That system-wide criteria be established for all book budget allocations between Main departments and branches and between service areas such as Adult and Children's.
15. That the Library study the feasibility of housing all foreign language materials in one location within the Main, and increase foreign language collections in the branches.
16. That the Library agree on a single Discard Book Policy, and to insure adequate screening of books discarded.
17. That the Library Commission evaluate the Book Selection Policy.

## Library Physical Plant:

18. That staffing problems in the branches be improved by recommendations Nos. 6, 8 and 12.
19. That the Library install public access ramps for disabled persons in the Main Library.
20. That the City fund the Library's proposed renovation of the Main's basement area for compact storage.
21. That the Library study the feasibility of moving some administrative offices to 45 Hyde Street.

## PUBLIC LIBRARY (continued)

### Outreach/Special Programs:

22. That the Library consider joint funding efforts with other City agencies for some of its special outreach programs and request grant procurement assistance from the Mayor's Clearinghouse.

23. That the Library Commission immediately participate in the Joint Task Force with the Board of Education for areas of mutual assistance.

### Equipment:

24. That the City fund the Library's request for an automated Book Security System.

25. That serious consideration be given to other equipment needs such as the automated circulation system, and a new bookmobile.

26. That consideration also be given to increasing the Book Budget, which has seen a decrease from \$1 million to \$650,000 in recent years.

27. That the Library, the Mayor and the Board of Supervisors, in the spirit of program budgeting, consider possible revenues to be gained through mechanization concurrently with evaluations of staffing needs.

### I. 1976-77 Budget

As San Francisco is certainly facing serious financial difficulties, many analogies are being made with other municipalities pointing out San Francisco's disproportionate costs for many public services. This is not the case with the Library. Other comparable library systems receive an average of 2% of their city budget. San Francisco's has never received over 1%. Urban libraries employ an average of 6.64 staff per 100,000 population. San Francisco has 4.3. Other major libraries provide an average of 3.16 books per capita, while San Francisco provides only 1.86.

The Library this year praised the budget process of the Mayor's Office which displayed an understanding of the Library's budget not seen in previous years. This resulted in the Library having achieved a more "balanced" budget for the coming year, recognizing greatest needs in the operations (maintenance and equipment) components of the budget. In fiscal year 1975-76, the Library received \$6,040,741. For fiscal year 1976-77 the Mayor recommended \$6,404,251. As the Library was one of the few departments recommended for an increase this year, the Grand Jury commends the Mayor for this increased attention to the needs of the Library. However, most of these recommended increases were subsequently deleted by the Supervisors. The



## PUBLIC LIBRARY (continued)

Grand Jury understands that the Board, in the aftermath of the Strike was under considerable time pressure in the Finance Committee process. Yet, we are disappointed that the Library was not given any detailed explanation for the cuts other than "fiscal expediency". We feel that program budgeting is needed in City government and will so recommend that the Library utilize program budgeting on their departmental level. While such a program may not have altered the Board's decision to cut the total Library budget, it would have at least given the Board, the public, and the Library itself, some idea as to why particular budget cuts were made.

### II. Additional Budget Items Requested By The Library This Year

- A. An Assistant Librarian position which has been vacant since 1974.
- B. A Budget Officer position. The Library currently has one Junior Accountant and one clerk to handle expenditures of over \$7 million. This year, the Library's Public Information Officer was forced to take charge of all budget preparations because the Library lacked the necessary administrative staff. (Though he did, in our opinion, perform capably.)
- C. The Library requests reinstatement back to its authorized level of 299 full time position in fiscal year 1974-75. In fiscal year 1975-76, this total was cut to 284 full time positions as a result of the hiring freeze. For the upcoming budget year, the Mayor recommended cutting three more positions down to 281. The Board of Supervisors has recommended a further reduction in force down to 276 positions. With anticipated retirements not being replaced due to the continued hiring freeze, it is very likely that the Library will finish the year with about 261 positions.
- D. An increased Book Budget. The Book Budget has steadily decreased in recent years. It was at one time close to one million dollars a year, but has remained at \$650,000 for the last two years.
- E. Book Security System. \$200,000 worth of books are stolen each year from the Library. This automated system would pay for itself within the first year of operation. (While the addition of the investigator position will reduce the book loss, a permanent automated system will be more cost effective in the long run.)



## PUBLIC LIBRARY (continued)

- F. Automated Circulation System. The "Self Charge System" in use in San Francisco is archaic compared to other Library systems. The automated system will reduce staff time required, and cut down on delinquent accounts. An Investigator position was also requested to track down overdue books.
- G. Compact Microfilm Storage. The Main Library, designed to hold 400,000 volumes, now has over 900,000. This project will add space for 200,000 volumes in the Library's basement area.
- H. Bookmobile. The Library's "Books on Wheels Program" is severely hampered by maintenance problems of this vehicle (1954 model) which must be replaced.
- I. Additional Page hours to hire part-time students.

None of the above requests were approved by the Board of Supervisors. The Grand Jury feels that priority items which should have received some consideration are:

1. The Book Security System, which would be a capital expenditure but would cut in half the \$200,000 the Library loses in books each year. The system would pay for itself within the first year of operation.
2. The Investigator position, which was proposed as a stop-gap measure until a mechanized circulation system is realized, was approved by the Mayor, but deleted by the Board. This position would retrieve overdue books at an estimated level two or three times the salary cost. Like the Book Security System, it is a revenue generating item.
3. Additional part-time Page hours are sorely needed to shelve, sort and transport books. Lacking these support positions, which also provide valuable experience to college freshmen, often necessitates that clerical and manual functions be performed by professional staff, which the City does not pay them to do.
4. An Assistant City Librarian is very much needed to handle daily operations and budget management in the Library, particularly if the Library increases its program budgeting capacity. It may be argued that the City Librarian should be performing these functions. However, the Grand Jury feels that other comparable departments have such an assistant (certainly most other library systems do) and that the Library must have the management capability in order to institute much needed administrative reforms, some of which the Grand Jury will suggest.

## PUBLIC LIBRARY (continued)

### III. Library Administration

The following abbreviated chart shows the absence of top administrative support staff under the City Librarian's office:

<u>Library Commission</u>	
<u>City Librarian</u>	
<u>Assistant Librarian</u>	-Defunded
<u>Management Assistant</u>	-Vacant
<u>Administrative Assistant</u>	-Vacant
<u>Secretary</u>	-Funded

Chief of Main	Chief of Branches	Coord. Technical Services	Coord. Adult Services	Coord. Children's Services	Personnel Officer	Public Inform. Officer
------------------	----------------------	---------------------------------	-----------------------------	----------------------------------	----------------------	------------------------------

#### A. City Librarian

It is in the above context that the Grand Jury viewed the performance of the City Librarian. It was very difficult to evaluate this performance in light of the severe budgetary problems in the Library. It was hard to determine if particular problems were the result of bad management or a lack of management staff.

Controversy has surrounded the City Librarian throughout his tenure, from the process of his initial hiring, until the Library Commission's rejection of his request for a one year leave of absence to pursue academic endeavors--a rejection which eventually led to his decision to resign. Throughout his tenure, criticisms as to his lack of administrative skill and experience were alleged in the press. The Grand Jury takes note of the fact that the new Library Commission, in conducting its search for a replacement, has required that applicants have a Master in Library Science degree, six years of professional experience and four years of administrative experience.

On the other hand, there is probably some truth to the argument that an entrenched mid-level staff was not about to let an "outsider" come in to change accepted practices. Perhaps both situations can be characterized by the expressed philosophical differences between a City Librarian who wanted innovation and the great European Library tradition, and a professional staff who wanted to provide a basic minimum of traditional services as the necessary foundation on which to determine future innovative projects. Certainly, this difference in philosophy contributed to administrative difficulties and disagreements. With adequate administrative support, primarily an Assistant Librarian to handle day to day operations, perhaps many of the conflicts that arose would have been avoided. However, we must also conclude that some normal administrative functions such as directing assignments to line staff, and maintaining cooperative planning with line staff were not effectively implemented by the City Librarian.



## PUBLIC LIBRARY (continued)

Under the previous City Librarian (John F. Anderson) weekly management conferences were held. This necessary practice was not followed on a regular basis last year. (Although the absence of an Administrative Assistant was an additional factor here.) Conferences that were held were sporadically called, and included many participants who were not administrative staff. While the desire to open up these meetings to other inputs was well intentioned, it did not provide for effective communication within the administration. The Grand Jury recommends that regular management conferences be held to facilitate directives to staff, and for staff reporting to the City Librarian.

The Grand Jury feels strongly that the lack of effective communication in the administration has contributed to both uncoordinated directives to staff, and the lack of adequate staff input into major program decisions. For example, the long acknowledged need for a formal "Discard Book Policy" (which will be discussed in detail later) was at various times assigned to three different administrative staff, each of whom began work on the policy unknown to the others.

The lack of staff input into planning and programming is just as detrimental to service delivery. A case in point is the "War on Illiteracy Program", which was widely publicized in March of this year. This program was introduced as a joint effort by the Library, the School District and the District Attorney's office to provide English tutorial services to adults and consumer complaint centers to be housed in branch libraries throughout the City. The interdepartmental effort was indeed an innovatively conceived idea and the Grand Jury recognizes the need for such services. However, the program was essentially developed without library branch staff input. Legitimate concerns over the possible effects the program would have on normal library operations such as additional staff duties, space limitation, noise and branch hours were not explored in depth. Inasmuch as the program is targeted for an October, 1976 start, the Grand Jury feels that staff input should have received more consideration before this program conception. The Grand Jury recommends that both line staff and the Library Commission play an increased role in major program developments.

Most major urban libraries and other City departments of comparable size, have an Assistant Administrator position to compliment the department head. In addition, the other vacant administrative positions have left the library with no authorized Budget Officer. The Grand Jury recommends that an Assistant City Librarian position be funded, and that this position be responsible for budget preparation and management.

### B. Internal Budget Allocations

The Library's line administrative staff includes: a Chief of Main, responsible for day to day operations of Main departments; a Chief of Branches, responsible for operations in the 26 branches and for outreach programs; an Adult Coordinator and a Children's Coordinator,



## PUBLIC LIBRARY (continued)

responsible for programming and book budgeting for their respective areas. These four positions are comparable in salary and line authority. This Grand Jury has explored the internal dynamics of budget allocations between the various service areas including:

1. Staff allocations between Main and the Branches
2. Staff allocations between various Main departments
3. Staff allocations between various Branches
4. Materials allocations between Adult and Children's Services
5. Materials allocations between Main and Branches
6. Materials allocations between Main departments
7. Materials allocations between various Branches

Although we are sure that there is an element of competition in each of these allocations processes, the most prevalent competition exists between Adult and Children's Services in advocating for their book budget. The Grand Jury feels that the lack of adequate criteria for budget allocations may be a primary cause for this.

Last year the Children's Book Budget was reduced from 25% of the total book budget, to 16.25% (based on population of children under 14 years). This coupled with a decrease in the total book budget, resulted in an over 50% decrease in children's books (from \$162,500 to \$79,600). While the Grand Jury recognizes the validity of population as a criteria for allocations, we also feel that this criteria alone does not accurately reflect the serious educational and cultural needs of children in San Francisco and that such a decrease was too much to absorb in one year.

As a footnote to the above, the Rare Books Collection last year purchased the "First Treatise on the History of Printing" at a cost of \$6,000. Although this purchase was paid for out of a special sale of other rare book duplicates, and is a valuable status achievement, the Grand Jury feels this purchase at the same time the Children's Book Budget was cut by 50% indicates the need for system wide prioritizing for all book selections and budgeting.

While the Grand Jury recognizes that strict allocation guidelines may inhibit flexibility, we suggest that program budgeting should be strived for. The public should know the relative costs and needs of all Library programs, from jail services and services to the blind and disabled, to rare books and genealogy. Although program budgeting is being considered as a City-wide endeavor, the Library should anticipate the need in the interim by incorporating formal program needs statements to be submitted by all Main departments and all Branches in the initial budget process. In addition, the Library Commission should take a more active role in these internal allocations as they are policy decisions. Staff should still be responsible for budget preparation, but criteria and justifications for program areas should be accountable to Library Commission approval, with community input invited at public budget hearings.

## PUBLIC LIBRARY (continued)

### IV. Personnel

#### A. CETA (Comprehensive Employment and Training Act)

The Library, like no other City department, is dependent on the CETA program. The Library has 108 CETA positions compared to 283 regular Civil Service staff. This dependence places the Library in a very precarious position if the federal government decreases its CETA funding. If CETA were not funded, the Library would have to immediately close most of its branches, and drastically reduce service hours. Already Sunday hours at the Branches have been eliminated because of staff shortages at the Main. Controversy has arisen regarding alleged "displacement" of regular Civil Service positions by CETA staff and the Grand Jury understands that at least one Civil Service grievance has been filed on this basis. It is up to the Civil Service Commission and the Department of Labor to determine if this displacement has occurred. The Grand Jury can only comment that the only long range solution is for the Library to receive more regular and part time Civil Service positions, lessening its dependence on the federal program.

#### B. Affirmative Action

The CETA problem is complicated because minority employment has been achieved primarily through the CETA program, and in non-professional Page positions. March 30, 1976, statistics show that while of 283 regular Civil Service positions, only 93 are non-white, 56 of the Library's 108 CETA positions and 95 of the 145 part-time Page positions are non-white. The Grand Jury understands that the recommendations of a 1973 Library Affirmative Action Task Force have not been substantially implemented. We recommend that the Library Commission re-evaluate the status of the Task Force suggestions.

#### C. Ratio of Professional to Support Staff

The Library's staffing pattern shows an imbalanced ratio of professionals to support staff. Most major urban libraries have a ratio of two clerical staff to every professional librarian. San Francisco has 99 clerical staff to support 135 librarians. (The fact that San Francisco has an excessive number of Branches must also be taken into account.) The Grand Jury recommends that future budget allocations reflect the need for more clerical staff, with the understanding that the Library is still understaffed in both clerical and professional levels. The Grand Jury also feels that the Library should further explore additional help from the school year Neighborhood Youth Corps Program.

#### D. Substitute System

The Grand Jury strongly recommends that the Library, in conjunction with the Civil Service Commission, establish a Substitute



## PUBLIC LIBRARY (continued)

Librarian Program to replace Branch librarians who are absent for illness or other reasons. While established policy provides for replacements to come from other Branches in the area, this only leaves service gaps elsewhere. Also, CETA librarians in the Branches who previously were used as replacements have been recalled to the Main. Hence, in the six months between November of 1975 and April 1976, various Branches were closed on 204 occasions for an average of 3.6 hours each time. In addition, there were 262 occasions (average time 5.7 hours) where staff coverage was called from other Branches, thus reducing services in those Branches.

The Grand Jury feels that the costs to establish a Substitute list would not be exorbitant, in light of the increase in services. The School District's program could be used as an example, and Civil Service could utilize existing lists for Librarians.

### E. Security Standard/Service Standard

The Library has a Security Standard of at least two persons on duty at all times in each branch, and the Grand Jury concurs with this standard. However, the present Security Standard requires only that there be two persons on duty, neither of whom has to be a professional Librarian. The Grand Jury recommends that along with a Substitute System, the Library incorporate a Service Standard of at least one professional staff on duty at all time in the Branches.

### F. Intern Classification

A Career Opportunities Program Study conducted by the Civil Service Commission in 1974 recommended establishing a part-time Librarian Intern position, to enable staff to be enrolled in a Masters of Library Science Program (this degree is a requirement for the Librarian I entrance examination.) Presently, the next lower classification is Library Technician II, which requires only an A.A. degree. Thus the jump of three years education required between classifications inhibits upward mobility for all non-professionals, minority and non-minority. The Intern classification is recommended by the Grand Jury.

### G. Assignment Policy

The Grand Jury understands that the Library supports the assignment of Branch personnel who know and understand the communities they work in. We concur with the Library's recognition of needed minority and bilingual staff in minority areas, with particular reference to additional bilingual services in the Richmond, North Beach and Mission areas.

### H. Children's Librarians

The issue of a separate Civil Service classification for Children's Librarians has been a source of internal conflict for many



## PUBLIC LIBRARY (continued)

years. As aforementioned, there is no "Service Standard" for the Branches, and some Branches are sometimes left with no Librarian on duty. A Children's Librarians classification will not mandate such a placement in each branch. However, the Grand Jury supports the establishment of this classification, as a recognition of the special skills required in Children's Literature.

### I. Permanent Part-time

The City-wide efforts to establish more permanent part-time positions, or "Job Sharing" has been favorably received by both Library administration and staff. There had been some concern over continuity of services in splitting some positions in half. Consequently, the Library has requested that Civil Service consider the splitting of two positions into three. The Grand Jury strongly recommends the job sharing concept for the Library, as a means to provide staff flexibility, and also as a necessary adjunct to the recommended Intern classification.

## IV. Book Budget/Collections

### A. Foreign Language Collection

The Library has approximately 35,000 volumes representing 26 languages. The total of volumes held in the Library is 1.5 million. The major foreign language collections are in French, German, Spanish and Italian in the Main Building, and Chinese and Spanish in the Chinatown and Mission Branches respectively. While the Literature Department houses the foreign language fiction books, non-fiction are scattered throughout other departments. The Library should study the feasibility of housing all foreign language volumes in one central location. The Library should also look into the need for increased foreign language materials in other branches serving a large number of non-English speaking residents.

### B. Discard Books

The discard book situation has been a constant source of debate and confusion in the Library. Each year, the Library discards from its collection books deemed as either beyond repair or no longer of interest. The Board of Supervisors' Budget Analyst, in a Management Audit written in 1973, estimated that about 50,000 volumes were discarded in that year. He also recommended that most of the books are in good enough condition to be sold.

However, the City Attorney subsequently ruled that such a sale of books would be in violation of the Charter. The Library has been discarding most of its books as trash, sold as pulp, and at one time sent them overseas to charitable groups. There are really two issues involved: 1) The selection by Library staff of which books to discard, and 2) the disposal of discard books by the Library and/or other City agencies such as the Purchaser.

## PUBLIC LIBRARY (continued)

### 1. Selection of Discards

We have mentioned the confusion which emanated from assigning different staff to write a discard policy. The Library actually has many discard policies, none of which is followed by all. Librarians at the Branch and Main levels must use judgement in selecting discards. Children's Librarians have added the additional criteria of racial stereotyped material in their discards, and this criteria was agreed to by the Administration. Branch discards are sent to a room in the Main basement where they are supposed to be screened by Main staff. Regardless of these procedures, and who is to blame, books continue to show up in the discard pile which are obviously worth keeping. The Grand Jury recommends that the Library agree on "one" discard policy, and to insure proper screening of discards from the Branches by Main staff.

### 2. Disposal of Discards

On March 29, 1976, the Board of Supervisors passed a Resolution "urging the City Purchaser to make Public Library surplus materials available to non-profit organization for distribution to needy areas." The Library set up a committee to work with the City Purchaser on the distribution plan.

In April, the Grand Jury Library Committee, on a tour of the basement area with the City Librarian, visited the discard book room, and found a group of nuns screening books. They were told by the Secretary of the Library Commission that all discards were available to any non-profit group. The apparent confusion was that the Board of Supervisors' Resolution approved the disposal of the discards, where the intent was merely approving a plan for disposal. The Grand Jury suggests that the Library should have input into a distribution plan to be developed by the City Purchaser.

### C. Book Selection Policy

In accord with our previous stated concern for program budgeting, the Grand Jury recommends that the Library Commission evaluate the present Book Selection Policy. A 1973 Task Force composed of Librarian staff suggested numerous clarifications needed. While the Grand Jury has not studied these questions in depth, we feel they deserve the Commission's attention. The questions include:

1. The need for both a Main and Branch policy.
2. "Possible duplication of reference books between branches and clusters."
3. Extent of "popular" vs "classic" materials.
4. "Extent to which branch collections be unique, reflecting community needs, and the extent to which they should be the same."



## PUBLIC LIBRARY (continued)

5. "To what extent selection (in the Main) is made for specific groups of users."
6. "Extent of duplication of subject materials" between two Main departments.
7. Respective budget allocations to reference books versus circulating titles.

### V. Library Physical Plant

#### A. Branches

One long debated issue which the Grand Jury heard considerable testimony on was the possibility of consolidating some of the Branch Libraries, thereby increasing service levels in the Branch system, at existing staff levels. The Grand Jury agrees that on a strict cost effectiveness basis, this may indeed result in better staffing, book collection, and hours in the system, by reducing overhead operations costs. However, past efforts to close Branches have met with considerable community opposition who want to maintain these neighborhood institutions. The Grand Jury hopes that the community groups will put as much on-going interest and support into the Library system, as they have displayed in these crisis situations.

As related to the previously mentioned staffing cuts by the Board of Supervisors, the Board suggested that the Library reassign staff in order that no Branch would have to be closed. The Board also urged that if branch services have to be reduced, the Library should first consider either closing or charging fees at the Business Branch.

The Grand Jury would certainly agree with the Board that the Business Branch may not be as crucial as the neighborhood Branches. In addition, we affirm our earlier concern for program budgeting and the need to justify all programs (and program cuts) to the public. The suggestion to maintain the Branches with reassignments is indeed a program decision which would obviously necessitate accommodations to be made in the Main Library program. The Grand Jury shares the Board's concern for the Branches. We feel that San Francisco needs its Branches but also feel that resource allocations between various Library components are very complex, and will require serious study by the Library staff and Commission.

Accordingly, the Grand Jury recommends that improvements be made in the staffing problems at the Branches. We have suggested a Substitute Librarian Program, permanent part-time positions, increased Page hours, and the adoption of a Service Standard as possible solutions. Although, we have made these suggestion primarily to improve current service delivery, such reforms are even more necessary in light of the staffing cuts projected for next year.



## PUBLIC LIBRARY (continued)

### B. Community Rooms

Last year, the Mayor's Office of Community Development allocated funds for "community rooms" in three Branch libraries. The Grand Jury feels this is a worthy joint effort between the community and the Library, and hopes that future endeavors are forthcoming.

### C. Joint Operation With The Community College District

Also last year, a major project was proposed for the Chinatown Branch, to be a joint operation with the Community College District, providing for classrooms and a new enlarged library. Thus far, financing has been dependent on the passage of State Proposition 4 which was rejected in the June election. The Grand Jury feels this could be an exciting cooperative venture. However, Library Branch staff and patrons have not had adequate access into Community College's planning of the facility. We suggest that the Library and other community services organizations be given the opportunity for on-going input also, as a necessary safeguard to disruption of Library services during construction, and for adequate community input into the facility usage.

### D. Public Access

The Grand Jury recommends that the Library request capital improvement projects to provide public access of disabled persons into the Main and Branches. As a priority, we feel consideration should first go toward ramp entrances to the Main. We understand that previous attempts in this issue were rejected for aesthetic reasons.

### E. New Main Library

When, where and how to build a new Main Library, is probably the single most controversial issue the Library Commission has had to deal with since 1964, when the first feasibility study was written. It is not within the purview of the Grand Jury to recite the history of the Marshall Square issue. However, the intended financing of a new Main through a General Obligation Bond Issue, was again raised as an issue by the Library Commission last year, though it was deferred from placement on the June 1976 ballot. The cost estimate, which at the beginning of our Grand Jury term in August 1975, was around \$67 million, may indeed be higher now. The Grand Jury has heard the arguments for the New Main, and also alternative ideas such as renovating other buildings like the J.C. Penney site. We conclude that eventually, the Library must be able to expand, and that at present there appears to be no feasible alternative to the Marshall Square site. However, this Grand Jury realizes that the mood of the public would not be amenable to a large bond issue at this time. In addition, a New Main would require an unspecified increase in operation costs.

It is a sad fact that San Franciscans have not valued its Library system, as other cities have. Other cities have had libraries

## PUBLIC LIBRARY (continued)

financed out of private philanthropy. The Grand Jury can only hope that eventually the public will decide that San Francisco needs a new Library, or that other more feasible sites for renovation may be found. Until that time, there are major improvement projects which the Grand Jury recommends:

1. The Grand Jury recommends that the Library be funded to start renovation of its basement area for compact storage of material, (microfilm/microfiche).

2. The Library should explore the possibility of moving some administrative offices to the City owned property at 45 Hyde. The Library currently occupies the basement of this building as its Book Order Division, and has some administrative offices on the third floor. This move may only be feasible if the vacated spaces in the Main can be utilized. In addition, the City and the Library should consider what uses would be possible at 45 Hyde, in the event the City acquires the old State Compensation Fund Building on Golden Gate Avenue.

## VI. Outreach/Special Programs

The Grand Jury is impressed with the many outreach programs operated by the Library. These include: visits to the County Jails, volunteer visits to elderly shut-ins, services to the blind, and Early Childhood Development. Because many of these programs are facing severe funding problems, the Grand Jury recommends that the Library seek cooperative efforts with other agencies to fund all or part of some special programs (an example might be the Office of Aging for shut-in services). The Library should make use of the Mayor's Clearing-house for grant possibilities.

The Library in December, 1975, also agreed to establish a Joint Task Force with the School District to study areas of mutual assistance. To date the Board of Education has appointed its members to this Task Force, while the Library has not. The Grand Jury recommends that the Library Commission proceed on this valuable project, and that the Library contact the Board of Education to work out joint staffing arrangements.

## CONCLUSION

The Grand Jury concludes this report by re-emphasizing the need for program budgeting as a management tool to improve Library services. We realize that suggestions for internal reform may be looked upon as just an additional burden by the Library, faced with severe budgetary needs. We feel this is a justified concern. Yet, we also realize that the City is very concerned with fiscal responsibility.

Program budgeting should be a means for the public, the patrons of the Library and those not yet reached by Library services, to express their priorities. Program budgeting should be a year-round



## PUBLIC LIBRARY (continued)

tool for the Library to show the need and the accountability for its programs. It should also be a tool for the City to evaluate the Library's budget more accurately than it has. Recent concern over the costs of personnel in City government should be matched with a fair appraisal of how services will be affected.

A longer range perspective is needed to show how other means such as mechanization can both improve services and reduce costs in the long run. We have referred to some possible projects in this area (and there are many more, such as mechanizing elevators, computerizing delinquent accounts and overdue books account and card cataloging which the Grand Jury has not researched). All of these options may save the City money in the not too distant period of two or three years. Without the Library, the Mayor and the Board of Supervisors planning these alternatives before severe reductions in force, the Grand Jury is afraid that services will suffer and continue to suffer in the Library.

## WAR MEMORIAL

Significant events of the past year affecting the operation of the War Memorial Complex included:

1. The continuing efforts of the Sponsors of the Performing Arts Center to construct a concert and performance hall adjacent to the War Memorial, and the effects these efforts will have on the War Memorial itself.
2. An appropriation of \$275,000 from the City's Capital Improvement Fund to go towards the renovation of the Opera House, the first such allotment in eight years.
3. The controversy surrounding the dual employment of the Managing Director, which culminated in his resignation in March of 1976.

### I. Performing Arts Center

The Grand Jury wishes to make clear that we are charged with investigating the War Memorial, and not the Performing Arts Center. Hence, we will not pass judgement on the events that have occurred in that issue. However, we are obligated to look into the short and long range affects that the PAC, if constructed, will have on the War Memorial Complex, including projected operating costs and revenues which involve both projects. Much of the statistical information has been taken from the May, 1976, Stanford Research Institute Feasibility Study of the Performing Arts Center, commissioned by the PAC.

The PAC would include as planned: a new performance hall



## WAR MEMORIAL (continued)

with 3000 seats; a small recital hall (pending further study); office and rehearsal space for the Symphony, Opera and Ballet; an extension of the Opera House; rehabilitation of the backstage area; and a 400 car Parking Garage (to be separately financed).

### A. Financing/Administration

The City has obligated \$5 million Revenue Sharing monies if the Sponsors of the PAC are successful in privately raising \$15 million --\$10 million of which must be secured by the end of 1976. Of the City's \$5 million set aside, \$500,000 is a maximum amount thus far allotted as the City's share in the planning phase. An October 31, 1975, Development Agreement between the City and the Sponsors provides that if the total development costs (exclusive of the garage) exceed the agreed upon total of \$20 million, the Sponsors and the Chief Administrative Officer will try to make project modifications, and if "additional funds are not available, agree to terminate further development".

The War Memorial Commission and staff have no formal role to play until the PAC is more firmly established, as related to the Grand Jury by the Managing Director. This role may be realized, presumably after December 31, 1976, the first deadline for the private funding share. In the interim, the War Memorial staff has participated in planning and coordination with the Sponsors, and has provided much detailed information to the Stanford Research Study.

It is anticipated that the PAC would be under the management authority of the War Memorial (exclusive of the garage). Discussions with staff have informed the Grand Jury that a Charter Amendment may be necessary to establish management authority (no changes are anticipated in the Trust Agreement with the U.C. Regents). Therefore, PAC staff would presumably be Civil Service.

Thus, War Memorial's responsibility will be greatly expanded to oversee additional staff and operations. Additional responsibility will include closely monitoring new events and users in both facilities to insure that adequate revenues are forthcoming.

### B. Opera House Extension

As aforementioned, one component of the PAC would be the extension of the back area of the Opera House, calling for added dressing rooms, scenery storage, choral and ensemble rehearsal space and offices, and coaching rooms. It is not known at this time how much ~~these~~ renovations would cost in relation to the new concert hall itself, one rough estimate is \$4 million. Nor is it known what priority these projects would have in the event the PAC is scaled down (if costs are greater than expected). The Grand Jury makes the observation that although the War Memorial occupies "no formal role now" and has not officially participated in the efforts of the Sponsors of PAC, it is

## WAR MEMORIAL (continued)

clear that the Extension project would be a major accomplishment that probably could not foreseeably be realized through the Capital Improvement Program. In addition, it is not clear to the Grand Jury, from studying the Stanford Study's "Preliminary Estimates of Annual Operating Cost of a New Concert Hall", whether operating costs such as maintenance have been included for the planned Extension.

### C. Operating Expenses

The Opera House last year, according to the Stanford Study, incurred a deficit of \$352,000 based on \$552,000 in operating costs, less \$198,000 in revenues. The study also, in basing PAC operating costs on an analysis of the War Memorial Budget and through discussions with staff, projected \$493,000 in annual operating expenses (\$368,000 in Personnel), to be offset by: \$268,000 in Concert Hall revenues; \$69,000 in Opera House increased rentals; and \$24,000 in increased parking revenues; leaving a total net operating deficit of \$151,000. The \$69,000 increase in Opera House revenue is based on the increase rates, to be charged to private touring shows, which pay an average base rent of \$600 and 5% of the gross over \$3000/per show, as opposed to the Symphony's flat rate of \$400, and also on increased performances of the Ballet and Opera which are also charged higher rates than the Symphony.

Additional analysis by the Study, states that the \$151,000 deficit will be further reduced by \$90,000 from: sales tax revenues, increased "consumer spending" by personnel to be employed at the facility, parking tax revenues, and property taxes from upgraded surrounding properties (estimate \$55,000). Because these indices are not computed to determine "off-setting" revenues in other City Department Budgets, the Grand Jury recommends that the City should depend only on hard revenues in evaluating the present and "potential" operating budget of War Memorial.

A key revenue variable here is the Stanford Study's projection that 237 additional events would be scheduled in the PAC Concert Hall and the Opera House, inclusive. Assuming that increased performances by the Symphony, Opera, and Ballet will not be difficult to procure, this leaves 174 "new" events. Anticipated revenues from these new events, based on the second year of PAC's operations are as follows: (From the Stanford Study)

#### OPERA HOUSE

Touring Attractions (56 performances)	\$ 89,600
Conventions/Miscellaneous (8 total)	4,400
TOTAL	\$ 94,000



## WAR MEMORIAL (continued)

### CONCERT HALL

Touring Attractions (75 performances)	\$120,000
Film Festival (15 events)	7,500
Conventions/Miscellaneous (20 events)	11,000
TOTAL	\$138,500

These revenues represent a significant amount anticipated to offset the deficit projected for the PAC. The Study looks at the Opera House and PAC as one complex in mentioning increased revenues in the Opera House as an offset to the PAC deficit.

As the projection for 174 new events is substantial, it will be very important to monitor the progress of obtaining commitments from the various touring companies. The anticipated staff for the Concert Hall includes a booking agent, and the Grand Jury assumes that this person will be responsible for procuring events for both the Concert Hall and the Opera House. This takes on additional importance because many of the types of new "users" are included as scheduling events in both the Concert Hall and the Opera House. The Stanford Study projects the following outside attractions and other events (Note: There are some outside events scheduled now at the Opera House.)

<u>USER</u>	<u>OPERA HOUSE</u>	<u>CONCERT HALL</u>	<u>TOTAL INCR.</u>
<u>Fine Arts Development</u> (includes American Ballet and Royal Ballet)	54	50	88
<u>North West Releasing</u>	5	5	10
<u>Bill Graham</u>	15	20	34
<u>Joffrey Ballet</u>	6		
<u>Film Festival</u>		15	} 42
Conventions	10	10	
Miscellaneous	<u>10</u>	<u>10</u>	
TOTAL	100	120	174

As the sources for these figures are listed as the same "users" (e.g. Fine Arts, Bill Graham), it would be advisable for the City to insure these commitments at the earliest possible time, perhaps through letters of intent.

In sum, the Grand Jury observes that the PAC and the War Memorial have much reason for mutual support, despite the lack of any "formal role" for War Memorial at this time. While we take no position



## WAR MEMORIAL (continued)

on the merits of the PAC, we do feel that the two facilities, one existing and one planned, must be treated as one complex for fiscal evaluation, as the Stanford Study has done, and the Grand Jury strongly suggests that the City do likewise. Of particular concern is the Opera House Extension, which is a worthy endeavor, but one which the War Memorial could not expect to achieve (given the fiscal constraints of the City) without the PAC. The Grand Jury cautions the Mayor and the Board of Supervisors that if financing is less than anticipated; cost estimates exceed the \$20 million; or if there are cost overruns later in the project--then the suggestion may later arise that the Extension component could be funded through "other sources"(perhaps the Capital Improvement Program or the Hotel Tax).<sup>\*</sup> A final concern of the Grand Jury is that because the Veterans Auditorium serves primarily smaller, less established art groups, that rates there not be increased at a later date in order to balance other deficits.

## II. Renovations

A major accomplishment of the War Memorial Complex last year was the procurement of \$275,000 from the Capital Improvement Fund, the first such appropriation in eight years. The improvement projects scheduled for completion by September 1976, include: reupholstering the 1300 seats in the orchestra section of the Opera House; recarpeting the main floor of the Opera House; rebuilding the stage; and bringing the elevator servicing the San Francisco Museum of Art up to safety standards.

The Veterans Auditorium is also slated for improvements through a \$500,000 grant from the Herbst Foundation, and this project is well underway.

Also, the San Francisco Museum of Art is nearing completion in remodeling the third floor of the Veterans Building, primarily through its own funds.

An additional budget request by War Memorial of \$665,000 for other renovations and improvements in the Opera House and Veterans Auditorium, was not funded by the Board of Supervisors.

As the problem of deferred maintenance is very real despite recent improvements at War Memorial, the Grand Jury is confident the Board of Supervisors will study the War Memorial's needs in this area and consider them alongside other City priority areas.

---

<sup>\*</sup>In addition, if private financing falls short, it is possible that the Extension may be proposed as the "total" project. In such a situation, the City should maintain its agreement of a "3 to 1" private share/public share financing.

## WAR MEMORIAL (continued)

### III. Managing Director

The position of Managing Director of the War Memorial has been held for the past two years by Mr. Claude Jarman. Mr. Jarman has also been in the employ of the San Francisco Film Festival for the past nine years, ostensibly as Director. He currently occupies a paid position as Vice Chairman of the Festival. As newspaper accounts in October of 1975, alleged possible conflict of interest, the Grand Jury sought to investigate the sequence of events which led up to the allegations. They are as follows:

1. For a period of some nine years Mr. Claude Jarman was with the Film Festival, being asked by Mayor Alioto to run the Festival in 1967.
2. In May of 1974, at Mayor Alioto's suggestion, Mr. Jarman applied for the position as Managing Director of the War Memorial.
3. In June of 1974, when he was hired by the War Memorial, Mr. Jarman appeared before the War Memorial Trustees and informed them that he "would relinquish the title of Film Festival Director and turn over the day to day duties to others." (quoted from November 21, 1975 Commission minutes.)
4. In August of 1974, Mr. Jarman got a verbal opinion from The City Attorney that his involvement with the Festival would not represent any conflict of interest.
5. In July of 1975, Mr. Jarman gave up his position of Film Festival Director, and was subsequently hired as Vice Chairman (a "consultant" position at a commensurate salary level to his former Director's position - \$25,000).
6. This hiring was achieved through the non-profit corporation which runs the Film Festival, which includes as its three officers; Mr. George Gund, Mr. Joseph Alioto and Mr. Jarman.
7. Subsequently, Mr. Jarman was informed, at a meeting with Civil Service, that an application for additional employment should have been filled out.
8. At the November 21, 1975 meeting of the War Memorial Commission, Mr. Jarman related many of the above points to the Commission, and requested permission to submit to Civil Service the application, which limits such additional employment to 20hrs. a week.



WAR MEMORIAL (continued)

After hearing a motion to dismiss, the decision of the Commission was announced as in favor of retaining Mr. Jarman and that Mr. Jarman fill out the Civil Service application for consideration at the next Commission meeting.

9. At the March 11, 1976 Commission meeting, Mr. Jarman informed the Commission that he would not be submitting the application and instead notified the Commission as to his resignation.
10. At the May 11, 1976 Commission meeting, Mr. Don Michalske, Executive Secretary to the Commission, was named Managing Director, to be effective July 1, 1976.

The Grand Jury will not comment on the issue of conflict of interest as it has been the subject of a City Attorney Opinion. In addition, it was later learned that, since the Director's position is exempt, no Civil Service application was required.

There was debate within the War Memorial Commission as to the relative number of hours put in by Mr. Jarman at the Film Festival and as Managing Director of the War Memorial. Questions were also asked regarding the salary level of Mr. Jarman's position (July 1975) as Vice Chairman. It was acknowledged that the salary as Vice Chairman of the Festival was \$25,000 and that no other film festival employee made as much.

Lastly, we must consider the fact that there were also conflicting opinions as to whether Mr. Jarman, during the initial hiring process and appearance before the War Memorial Commission, did make clear a commitment to hold no other outside position if hired by War Memorial.

We refer to Mr. Jarman's statement as quoted in item #4 of the sequence of events. We suspect that though the relinquishment of the "title" of Festival Director may have been clear, the War Memorial Commission may not have been fully appraised of the subsequent arrangement for a Vice Chairman position and the duties so involved.

The Grand Jury makes the following observations:

1. That the hiring as Vice Chairman of the Film Festival was either not fully aired to the War Memorial Commission by the Director and by Mayor Alioto, or that the Commission, with such knowledge, did not pursue the issue, acting only after press publicity had raised the question.

2. That the dual role played by then Mayor Alioto in both the hiring of Mr. Jarman in the War Memorial and subsequently as Film



## WAR MEMORIAL (continued)

Festival Vice Chairman, raises the question of the extent of Mayoral authority over his appointive Commissions.

It is this latter question which most concerns the Grand Jury. Many Commissions in the City, appointed by the Mayor, have had to seriously confront the possible effects of selecting or rejecting candidates recommended by the Mayor. In Mr. Jarman's case, the Mayor may have felt that it was in the best interest of the City to have, in Mr. Jarman's terms, a "Director of Cultural Affairs", and that his Film Festival involvement was indeed an attribute. There is some merit to this reasoning. However, the initial hiring process through the Commission was in no way a smooth one. The fact that the Mayor's office plays a key role in Commission budget requests is certainly a factor in hiring or not hiring a mayoral recommendation. As Mr. Jarman was successful in procuring the first allotment of Capital Improvement Funds for War Memorial in eight years, a good working relationship with Mayor Alioto obviously helped.

Recent newspaper allegations have focused on the current status of the new Director's position to replace Mr. Jarman. Mayor Moscone's recommendation was passed over by the Commission in favor of Mr. Michalske. The Grand Jury feels that this Commission decision will not affect the Mayor's concern for the War Memorial's needs. While there may be an analogy between the roles played by respective Mayors in both cases, the effects of the Commission's actions in approving Mayor Alioto's recommendation while rejecting Mayor Moscone's can only be judged in time. The Grand Jury feels that all staff selections should be based on the best qualified applicants.

## BOARD OF PERMIT APPEALS

### I. Introduction

The Board of Permit Appeals has been described as the most misunderstood agency in City government. After many discussion with Board members, staff and attendance at numerous Board hearings, the Grand Jury can certainly agree with this description. This past year, a new Board was appointed by the Mayor, and the Grand Jury focused this report on their performance. We viewed our investigations as a unique opportunity to discuss many issues with the new Board which is very receptive to positive changes. These issues included:

1. Definition of the Board's powers;
2. City Attorney involvement in determining those powers;
3. Relationships with other departments;
4. Social concerns in permit decisions;
5. Rules and procedures of the Board.

## BOARD OF PERMIT APPEALS (continued)

Although Grand Jury reports usually begin with a brief definition of the powers granted a department or commission, this report is compelled to discuss this question in greater depth, as it is the source of much controversy surrounding the Board.

A general accepted purpose of the Board of Permit Appeals is to "hear appeals from administrative decision granting or denying permits by departments such as Public Works, Planning, Police and Fire." It is the disposition of appeals that has brought considerable controversy to the Board. The Charter-derived powers of the Board include the right to hear and determine appeals where:

- a. "it is alleged there is error or abuse of discretion in any order, requirement decision, or determination;
- b. to hear and determine appeals from the rulings. . . granting or denying applications for variances from any rule. . .
- c. upon, the hearings of such appeals, said board may affirm change or modify the ruling appealed from, or... make other additional determinations...subject to the same limitations as are placed upon (the department) by the Charter."

The term "error or abuse of discretion" certainly contributes to the public's vague perception of Permit Board's authority. It has been interpreted variously as either an open-ended power or a restrictive one.

The 1969 San Francisco Charter Revision Committee recommended changes in the Charter sections applying to the Permit Board, in light of their perception that "In the view of some San Franciscans, the board itself has at times in the past, appeared to be taking arbitrary action." The Charter Committee's recommendations included definition of powers provisions (in addition to the "abuse of discretion" clause) in cases where:

1. "the action was based on an erroneous conclusion of law;
2. the action was based on an erroneous understanding of material facts;
3. the action was based on administrative rule or regulation that is clearly unreasonable as applied to the matter before it;
4. standards to guide administrative action have not been provided."

Charter interpretation is usually an art in itself. While the Permit Board criticized these Charter Committee recommendations in 1969 a case could be made that the proposed section actually strengthens the Board's authority. Certainly, the criteria listed in "3" appears very open-ended. (The Board has indeed cited alleged violations



## BOARD OF PERMIT APPEALS (continued)

on constitutionality in some cases.) It is important to note that the Charter Committee intended for Board decisions to meet any one of these criteria and not necessarily all of them.

The Grand Jury feels that the Charter sections for the Board do need clarification and recommend that the Board consider such efforts, though not necessarily the 1969 Charter Revision recommendations.

### II. City Attorney's Opinions

#### A. History

From January 1975 through May 1976, 36 opinions were issued by the City Attorney on Board decisions, noting whether or not jurisdiction was exceeded. Of these cases, 21 involved Department of Public Works cases. The City Attorney ruled in favor of the departments in 24 of these cases and in favor of the departments in 24 of these cases and in favor of the Permit Board in 12 cases. It is important to note that most of these decisions pertain to the old Permit Board rulings. As there were often time lags of months before opinions were rendered after request, and as departments have sometimes waited months before requesting an opinion, many other cases are currently pending opinions.

In cases where the new Permit Board was challenged, we have been informed that four cases have led to requests for opinions (two from DPW and two from Planning). The conclusion is that the situation has improved and the departments themselves acknowledge the "difference" with the new Board. However, the new Board feels that the "routineness" of requests for opinion are a circumvention of the Board's role in permit decisions. The Board maintains that it is the sole administrative authority and that other departments' or appellants' only recourse to challenge Permit Board decisions should be the Superior Court. Although rulings of the Board are appealed to Superior Court, few are filed by the departments. Instead, the departments have sought City Attorney opinions. The effect of the situation is that appellants who win their cases before the Permit Board are forced to go to Court to uphold that decision.

The departments of the Bureau of Building Inspection and City Planning maintain that the Permit Board can not tell a department to break the law. A case in point is the "Billboard Case" heard by the old Board. In this case two billboard companies were denied a Planning Department variance to the 1965 Sign Ordinance, which mandated the razing of certain billboards on Highway 101, with a deadline of 1975. The companies then got the variance denial overruled by the Board of Permit Appeals. However, the Planning Department asked for a City Attorney opinion, which upheld the original denial of the variance. The City Attorney subsequently took the case to Court on behalf of City Planning, where it is pending. This is a case where the Permit Board decision has been "effected" until the City Attorney proves otherwise in Court.



## BOARD OF PERMIT APPEALS (continued)

Most other cases are effectively decided in the department's favor after the City Attorney opinion. These are mostly cases where the Board has overruled a permit denial and the department still withholds the permit on the strength of the City Attorney opinion. Appellants have not seen fit to go to Court to enforce their "victory" at the Permit Board.

The 1969 Charter Committee recommended the following Charter section:

"Decisions of the board may be appealed to appropriate courts of law. In any appeal, the city attorney shall represent. . .the departments whose action was affected. . . Decisions of the board shall be binding on. . .departments unless notice of intent to appeal is filed. . ."

The Charter Committee suggested this section to "relieve the city attorney of the dilemma facing him" in his conflicting role as counsel to both the Board and the department. The Committee recommended that the Permit Board as a quasi-judicial body, should not participate in any appeals of its decisions, while also binding the departments to Permit Board rulings.

It was the apparent acknowledgement of the Charter Committee that the Board of Permit Appeals is the ultimate administrative authority in appeals, and that the Board decisions are binding upon departments subject to Superior Court recourse only. However, as the City Attorney has not taken many cases to court against the Board, the Board feels that an administrative decision has been made by the City Attorney, "that the City should not go to court to defend one City department against another".

### B. Recent Events

In a recent letter from the City Attorney to the Permit Board in May of 1976, the City Attorney agreed that he will in the future take the Board to Court:

"Henceforth, in making my review, if I determine that the Board of Permit Appeals acted in violation of the powers conferred on it and that its action is void, I will file a petition for a writ of mandate in the Superior Court against the Board and the property owner."

The City Attorney has appointed a Deputy City Attorney to serve as a liaison to the Permit Board and we understand that both the Board and the Departments are willing to work closely with him. The liaison will be responsible for litigating cases on the Board's behalf and will be opposed in Court by other City Attorneys representing the departments. The Grand Jury certainly does not wish to see a proliferation of cases taken to Court by one City department against another. However, we

## BOARD OF PERMIT APPEALS (continued)

view the new policy as preventive in nature, in that departments will be encouraged to utilize the Board's rehearing process to a greater extent. In addition, as the City Attorney has been very prompt in issuing informal opinions for the new Board, before rulings, this has greatly helped the Board in determining the scope of its powers. Lastly, it is hoped that those cases which are eventually litigated, can provide standards and precedents for future rulings.

The Grand Jury strongly encourages the Board to utilize the City Attorney in informal capacities for consultation. We understand that a Board request to have meetings with the City Attorney liaison on case discussions, was rejected because of the Brown Act. We therefore explored the option of requesting City Attorney attendance at Board meetings to advise the Board as jurisdictional questions arose. This was not feasible in the Board's opinion. However, we do suggest that City Attorney presence may be considered for selected cases. An example might be a rehearing of a previous case where jurisdiction was in question.

In the long run, the Grand Jury feels that only better cooperation between the Board and the departments can alleviate the jurisdictional disputes. It may be true that the lack of clear jurisdictional guidelines, irregular administrative procedures and perhaps personality differences between the departments and the old board, has escalated the problem past the discussion stage and into the City Attorney's office. The Grand Jury's suggestion that the City Attorney liaison be in fact an on-going consultant, along with later recommendations we will have on Permit Board rules and procedures, are meant as preventive measures.

### C. Legal Staff

The Grand Jury also inquired as to the desirability of having legal staff on the Board. It was recommended by the Charter Committee that the Executive Director should be an attorney. The present Director will be taking the Bar Examination soon. The Grand Jury agrees that staff legal expertise is needed, especially in the area of case findings, regardless of the fact that the Board itself includes three attorneys. However, before such a staff counsel is created, the scope of additional assistance or consultation from the City Attorney's office should be explored, as this option may obviate the need for the Director to be an attorney.

### III. Case Statistics

In the ten months between July 1, 1975 and May 31, 1976, the Board of Permit Appeals heard 291 cases, an increase over the fiscal year 1974 total of 285 cases heard. The following chart shows a departmental statistical breakdown. Separate statistics since January 19, 1976, are meant to reflect general differences in the new Permit Board, although this is not totally accurate as the new Board started in February, 1976.



JULY 1 to DEC. 31, 1975

JAN. 1, 1976 TO MAY 31, 1976

	Overruled with Stipulation	Overruled No Stipulation	Concurred	Withdrawn	Overruled with Stipulation	Overruled No Stipulation	Concurred	Withdrawn
<u>DEPT. OF PUBLIC WORKS</u> (Penalty only)	22 2	19 7	21 3	6	14 1	7 8	22 5	4
<u>ZONING ADMIN.</u> (Disapproval of permit) (Variance) (Determination)	4 0 2	9 5 2	6 4 2		6 1 2	1 1 4	2 2 3	2 2
<u>POLICE DEPT.</u>	3	8	21	2	7	9	10	2
<u>FIRE DEPT.</u>	0	0	0		0	0	0	
<u>DEPT. OF PUBLIC HEALTH</u>	0	0	1	2	0	0	1	
<u>ART COMMISSION</u> (Tax Collector)		2	1					
TOTALS	33	52	59	11	31	30	45	10



## BOARD OF PERMIT APPEALS (continued)

Certain observations can be made from these statistics:

1. The new Board is overruling the Police Department much more often, probably attributable to decisions in massage parlor cases.
2. The new Board has not overruled the Bureau of Building Inspection as often as the old Board in matters of code compliance. (Note that "penalty appeals" refer to charges assessed for building without a permit and are usually adjudicated on evidence such as lack of due notice.)
3. The new Board has not overruled the Planning Department as often as the old Board.
4. The new Board, in overruling BBI actions, has more often provided alternative compliance (stipulations) than the old Board.

### IV. The New Board of Permit Appeals

The Grand Jury is very impressed with the dedication displayed by the new Permit Board, which includes as its members: Mr. Patrick Hallinan, Mr. Rick Stokes, Ms. Claire Pilcher, Mr. Richard Cerbatos and the only carry over from the old board, Ms. Mattie Jackson. The four months since the new Board was empanelled has seen many changes in the Board hearings, both in content and in style. It is perhaps natural for new commissions to go through a process of in depth questioning into every case, and every "type" of case that comes before it. Indeed these cases will become precedents on which future rulings may be determined. We are also aware that the new Board is very concerned about public input. The Board at its first meeting agreed to meet in the evening for public convenience. The Board also recommended that hearing notices be sent to adjoining property owners when an appeal is filed.

The composition of the new Board also brings varying viewpoints into play with minority, women and gay populations represented. Attorneys also play a greater role in the new Board, with three attorneys represented. In this latter respect, there is definitely more legal jargon used in the debates. The Grand Jury feels that the Board should try to avoid an overuse of legal terminology in deliberation, which is often confusing to non-attorneys, who include appellants and other Board members.

### V. Relationships with Other Departments

- A. Bureau of Building Inspection/  
Abatement Appeals Board

The Board's relationship with the Bureau of Building Inspec-

## BOARD OF PERMIT APPEALS (continued)

tion has long been an adversary one. While BBI will certainly agree that an appellate body is needed, there is concern that Permit Board decisions have been arbitrary and not consistent with standards they as a department must adhere to. BBI has acknowledged that the new Board is "better". They contend that the Board in its case findings must address (in writing) all of the violations cited by the departments, but has not consistently done so. The Bureau also feels that Permit Board members should check with the City Attorney before accepting many appeals.

The Abatement Appeals Board, within the BBI, is another appellate body which can hear BBI cases for appeal. Although most of the cases involve requests for time extension in abatement orders, there are also appeals granting or denying modifications in compliance to the Building Code. The Grand Jury while not criticizing the operations or integrity of the Abatement Board, notes from a review of Abatement Board decisions, that there are cases where the Abatement Board apparently granted exemptions for compliance while BBI requested City Attorney opinions in similar exemptions granted in cases decided by the Board of Permit Appeals.

The problem is compounded by the fact that appellants can choose which Board they wish to appeal to. The Charter Revision Committee recommended that:

"If an ordinance so provides, other administrative remedies provided. . . must be exhausted before appeal may be taken to the board of appeals."

The commentary for this recommendation states that it is:

"designed to eliminate forum shopping and competition among review bodies, unless the board of supervisors intends to provide multiple remedies."

The obvious implication of this recommendation was to require appellants to use the Abatement Appeals Board before any recourse to the Board of Permit Appeals. However, to require one Board to hear cases first would not prevent cases from eventually being heard by both Boards.

The Grand Jury does not allege that one Board is better than the other; there is certainly enough work for both Boards to do judging from the number of appeals. Certainly from the appellant's point of view, it does not hurt to have more than one appellate option. Yet, critics of lax code enforcement may feel that this causes delays in penalties, sanctions and safety.

The Grand Jury recommends that a procedure be set up to direct appellants to one Board or the other, based on the nature of the case. It appears to us that smart appellants already surmise



## BOARD OF PERMIT APPEALS (continued)

which Board will give them a better break. For instance, in penalty appeals, the record of the new Permit Board may encourage appellants to file with it. For requests of time extensions appellants will use the Abatement Board. For cases involving other Code provisions (e.g., Parking), and other departments (e.g., Planning), appellants will go to the Permit Board to take care of the whole case at one hearing. The Grand Jury recommends that an arrangement be sought between the two Boards to systemize the case processing, and that appellants only be given one appellate body to seek action. Such an arrangement should delineate clearly what types of cases each Board shall hear, and appellants should be so notified. In addition, directives to appellate bodies should be explicit in departmental notices of determination. The Grand Jury suggests that Charter revision may be necessary to accomplish this delineation of powers, and so recommends.

On other issues relating to BBI operations, the Permit Board and also community groups suggest stronger sanctions and penalties against realtors who may be misrepresenting properties they sell. The Permit Board has heard numerous cases where the appellant claims that he was never informed by the agent that not all of the units in the building he bought were legal. "3-R Reports" prepared by BBI must be shown to prospective owners listing code violations and the number of legal units. While the buyer is requested to acknowledge the receipt of the 3-R Report by a post card to BBI, we suggest that such receipt also be signed by the buyer to prevent any doubt. As it is the Realtor's responsibility to provide this information, stricter enforcement may lessen the number of these contested cases. We suggest that the Bureau of Building Inspection explore this issue with the District Attorney and also research possible recourse to the State Real Estate Licensing Board.

The Grand Jury also suggests that all demolition permits should state on their face that the permit is not good for 10 days, allowing for appeal. The impetus for this was the St. Dominic's Church case where the demolition contractor started work even though a protest appeal was filed. The Grand Jury suggests that this clause be included in all demolition permits.

Lastly, we recommend that BBI take efforts to provide additional simplification of notices of Code violation for the purpose of public posting. We understand that the Board of Supervisors has considered a requirement that notices of violation be sent to adjoining owners and tenants. We further recommend that such notices be posted on the building and also sent to community groups in the area (a master list of such groups could be maintained).

## VI. Social Concerns

It is the impression of the Grand Jury that there are basic philosophical differences between Board members which have determined different attitudes towards the Board's powers. While we will not



## BOARD OF PERMIT APPEALS (continued)

attempt to define these philosophies, we will describe one of the issues where they are evident.

### A. Mother-in-law Units

So called mother-in-law units have for years been subject to considerable debate. Many neighborhood groups have viewed these units, both new conversions and the legalization of existing ones, as adversely affecting density and traffic. They also consider them a "fast-buck" for property owners. Other viewpoints consider such units as a means to expand the housing stock without new construction.

Debates on the Permit Board over these units are careful not to express the above opinions so forthrightly, as either favoring or opposing them on principle. Because the Planning Code permits exemptions to the variance process if these units were in existence prior to 1947, the eventual debate on the matter often entails the inspection of old records such as electric bills. However, one would suppose that if the Board was only voting on these factors that the voting disparity would not be so great. It is clear that the members have philosophical differences over the In-law units. The disputes also imply different conclusions as to whom the Board is ultimately responsible. While some Board members feel that they must protect the rights of the appellant first, others feel that equal consideration should be given to the neighborhood concerns.

The Grand Jury is aware of recent proposals of the City Planning Department to systemize the handling of mother-in-law units, allowing code enforcement areas and other areas upon request to legalize the units. The Grand Jury feels that only a total approach to the problem will alleviate the continual disputes. We feel that builders and home buyers in general do know that they are flouting codes in adding units without permits. However, until the Bureau of Building Inspection can provide more definite proof that the buyer was aware (such as signed 3-R Reports), the Permit Board will continue to give the appellant the "benefit of the doubt".

The following chart shows the voting pattern of new Board members from February 2, 1976 through May 19, 1976. Note that "C" refers to a vote concurring with the department while "O" denotes an overrule. Also, note that a Protest Appeal is one filed by someone protesting the department's granting of permits (e.g., construction) and that a vote to concur with the appellant in these cases is a vote against the property owner or builder.

BOARD OF PERMIT APPEALS (continued)

<u>Board Member</u>	<u>Building Inspection</u>	<u>BBI "Protest"</u>	<u>Police</u>	<u>City Planning</u>
Jackson	12-C 21-0	7-C 4-0	3-C 14-0	-- 8-0
Hallinan	16-C 26-0	7-C 4-0	1-C 21-0	2-C 8-0
Cerbatos	16-C 25-0	7-C 4-0	1-C 21-0	2-C 8-0
Pilcher	20-C 18-0	5-C 5-0	4-C 16-0	7-C 3-0
Stokes	14-C 16-0	11-C --	3-C 13-0	2-C --

---

It can be seen from the statistics that Commissioners Hallinan, Jackson, and Cerbatos have sided with the appellants in a larger percentage of cases involving the Bureau of Building Inspection. Commissioners Pilcher and Stokes have sided with appellants about half the time in Building Inspection cases. In Planning Department cases, there are obvious differences, with Pilcher and Stokes upholding the department consistently. All of the Commissioners have consistently overruled the Police Department.

B. Other Cases of Social Impact (though not as subject to internal Board disputes.)

Like the In-law units, the Board had to make decisions on the McDonald's case, in the midst of extreme pressure from many constituencies. The issue was widely played in the press as a labor vs. business issue, with additional complications in one case involving a minority franchise. Community groups protested on environmental factors, and were met by advocates for minority youth employment. In an earlier case, an old Permit Board member made the mistake of publicly characterizing his vote as pro-labor induced, leading to a Superior Court Judge remanding the case back to the Board. The new Board sustained the decision while being very careful not to mention labor as an issue.

In the massage parlor cases, particular attention from some Board members has been directed to the Police Department's treatment of masseuses, because of previous arrest records, even though the larger issue of "non-victim crime" was very evident in the debates. We



## BOARD OF PERMIT APPEALS (continued)

suspect that there may be future cases where the Board's attitude towards these sex cases may conflict with neighborhood concerns, if there is a proliferation of pornographic theaters and massage parlors in residential areas.

There may also be further attention on Board decisions involving demolition of housing in low income areas, whether by private or Redevelopment action. The Board recently ruled in favor of the protest appellants in the International Hotel case, while allowing the demolition of housing in Japantown (although we understand a rehearing has been requested in this case).

### VII. Administration/Rules/Procedures

#### A. Staff

The Grand Jury is impressed with the dedication of the Executive Director of the Board, Mr. Philip Siggins, who is responsible for the administration of the Board's operations including assisting appellants process their appeals. The services provided by the Director to appellants can be termed "counseling" in that many appellants have no idea what the appeal process is, and ask for advice as to: whether they should appeal; how to document their case; and how to proceed if the Permit Board denies the appeal (referrals are sometimes made to attorneys at this point).

The Grand Jury explored the question of additional staff needs with the Board and the Director and the possible need for additional legal staff. The general response from the Board was that only the Director could tell if the staff is overburdened. The staff seems to be able to process cases expeditiously. The question of additional staff relates more to the thoroughness of the investigations. The Permit Board, relying on documents, public testimony and possible site visits on which to base their rulings, has no investigative staff per se. Some of the Board members feel that the Board itself is responsible for investigation and that staff should confine itself to processing. Others feel that additional staff is needed.

The Grand Jury takes the former position, but also recognizes that action should be taken to insure more technical expertise in Board rulings. We feel that additional investigative staff would only create an additional bureaucracy and contribute to the conflicts with the departments. We also feel that neither the Board nor the staff can be expert in all the various codes which the Board is responsible for.

#### B. Technical Assistance

Technical expertise is perhaps most crucial in cases where the Board has overruled a BBI action while stipulating a substitute means of compliance for the particular code violation cited. At present,



## BOARD OF PERMIT APPEALS (continued)

the Board must derive these alternatives through its own staff and research. In these cases, the Board must insure that the substitute compliance provides a safety level equal or greater than originally required by the department. The BBI has requested City Attorney opinions challenging past Permit Board alternative stipulations. We suggest that three possible solutions be explored:

1. The Permit Board should rely on department representatives as their technical assistance. Substitute compliance arrangements should be worked out with the department over a specified period after the Permit Board makes the decision to overrule. The alternative compliance should not be derived in the limited time permitted at the hearings.
2. The Board should not take these cases, but rather refer them to the Board of Examiners which is composed of architects, engineers, and other professionals. The Board of Examiners rules on changes in construction methods and materials and is able to hear appeals also.
3. The Board should set up a Technical Advisory Committee composed of professionals who could advise the Board in such matters. The Permit Board's own rules provide that "the Board may call upon and may designate without charge experts as it deems necessary, to report upon and make recommendations concerning technical matters in appeals."

### C. Board Hearing Procedures

#### 1. Transcripts

The Board is required to have a court reporter at its hearings to insure that a transcript is available if either the appellant or the department so requests (at their expense). If cases that are later taken to Superior Court do not have such a transcript, the Court will just remand the case back to the Board for rehearing.

Last year for many meetings the Board ran out of its budgeted amount for a court reporter and members had to pool their \$15 meeting fee to pay for one. A Supplemental Budget Request was not approved by the Board of Supervisors last year, and this upcoming year's budget approval for reporter services is at the same level of funding. The Grand Jury recommends that the Board of Permit Appeals be given adequate funding for these essential services.

## BOARD OF PERMIT APPEALS (continued)

### 2. Documentation From Departments: At Board Hearings

Given the time constraints within which the Board must act, it is imperative that documented evidence be received from departments early enough for the Board to inspect them. The Grand Jury has observed that some departments do not respond as quickly as others. The City Planning Department has been fairly consistent in sending over such documents to the Board. BBI often submits written documents at the hearing. The Police Department usually reads its comments into the record at the hearing. While we recognize the time limitations placed on departments, the Grand Jury feels it is essential that Board members have adequate time to review evidence before the hearing and that such evidence be received by the Board in writing at least two days before the hearing.

### 3. Testimony

The Grand Jury has attended many meetings of both the present and previous Permit Boards. We have observed a definite improvement in decorum in hearings by the new Board. Case debates have been very lengthy in the new Board and the Grand Jury feels it is indicative of a serious desire to hear all the evidence.

Concerns have also been raised over the scheduling of cases within the hearing and the length of the hearings themselves, which sometimes last from 6:00p.m. to midnight. It is very inconvenient for appellants to have to wait five hours to be heard. Department representatives have expressed alternatives such as scheduling all cases from a particular department consecutively. The Grand Jury feels that time limits for testimony should be more strictly enforced. The aforementioned request for departments to submit advance written testimony can also cut down deliberation time. In addition, we suggest that a "pre-meeting" of the Board can give the Director an opportunity to clarify information in the case files and confirm all documentation received, so that these housekeeping matters not take up hearing time. Lastly, the Grand Jury recommends that the Board schedule special meetings for particular cases of interest (e.g., McDonald's).

The Grand Jury has also witnessed cases where debate ensued between appellant and the department. In cases involving an attorney, this has sometimes taken on the appearance of "cross examination." While these debates may have indeed helped the Board in formulating its decisions, the Board should be conscious of the fact that appellants or department representatives may be disadvantaged if forced into debate with an attorney. As mentioned, Board members themselves have at times contributed to the courtroom atmosphere by using legal jargon.

### 4. Voting Procedure

The Grand Jury has observed that the Board procedure of having one Board member consistently voting first and stating findings



## BOARD OF PERMIT APPEALS (continued)

of fact and proposed "stipulations", has at times led to confusion. This is particularly so if another Board member agrees on the vote but not on the "stipulations" attached, or not for the same reasons as the motion states. We have discussed with the Board the option of allowing for discussion on "potential" findings and stipulations before the call of the vote. While we realize that this might prolong the hearings, and require votes on the stipulations and/or findings at times, we feel it is necessary. In addition, these pre-vote discussions may lead to increased utilization of City Attorney opinions if there is serious question as to the proposed findings within the Board.

### D. Rehearings -- New Evidence

Although grants for rehearing are based explicitly on the presence of new evidence or proof of lack of due process, it is often not clear to persons sitting in the audience that this was indeed the case when such rehearings are approved. At times, references have been made to "I got a lot of calls on this", and while we do not imply that lobbying has determined these decisions, the nature of the new evidence should be publicly referred to. In addition, such evidence should be made available to the opposing side.

### E. Public Input to the Board

Board members receive a considerable amount of communications in controversial cases. Most of these are letters of support for one position or the other and community interest is a valid concern the Board must consider. However, many of the communications contain allegations or information which will bear on the factual base the Board will decide from.

Because letters and telephone calls may be directed only to certain Board members, there is no mechanism to insure that the entire Board has the same facts to decide upon. The Grand Jury feels that the Board must make every effort to share information received prior to the hearings, and also to inform the public that this will be done.

### F. Fees

The Grand Jury feels that the present fee structure of \$10 per case can be increased. Certainly the services rendered in some controversial cases such as McDonald's, are much greater than in others. We recommend that a revised fee schedule be implemented with the following provisions:

1. That appeals dealing with single family homes and appeals determining an appellant's livelihood (such as Jitney drivers or masseuses) should be at the minimum fee;
2. That appeals based on income-generating alterations in businesses and residences (including adding in-law units)



BOARD OF PERMIT APPEALS (continued)

be on a sliding fee schedule up to \$50;

3. That the Board have the authority to waive the fee in low-income cases.

The following is a summary of our recommendations:

1. That the Board continue its efforts to utilize the City Attorney's office for informal and formal opinions, but that serious consideration be given to requesting such opinions prior to Board rulings in cases where there are serious jurisdictional questions which arise during the deliberations.
2. That the Board also consider requesting City Attorney presence for case hearings where jurisdictional problems are anticipated.
3. That new evidence which arises after a grant of rehearing be made available to the opposing side.
4. That the Board consider scheduling brief "pre-meetings" so that the Director can clarify information and confirm documentation in the files.
5. That the Board work out an arrangement with the Abatement Appeals Board as to jurisdiction for different types of cases, and that there be only one such appellate body for appellants to seek redress to. To the extent that these arrangements would require Charter or Administrative Code Revision, the Board should ask for a City Attorney's opinion.
6. That the Board consider the feasibility of seeking technical assistance through either: a) a Technical Advisory Committee, b) the Board of Examiners, or c) working out "alternative compliance" with the departments.
7. That the Permit Board request the Bureau of Building Inspection to require buyer-signed 3-R Reports, and also to devise a simplified Code Violation Notice for public posting and notice to community groups.
8. That departments submit written evidence to the Board two days before Board hearings.
9. That the Board be provided sufficient budget funds for court reporters.

BOARD OF PERMIT APPEALS (continued)

10. That the Board discuss possible "stipulations" and findings of fact before the call of the vote.
11. That a revised fee schedule be devised, allowing for a sliding fee scale with a waiver provision for low-income appellants.
12. That all information from the public be made available to all Commissioners.

William R. Shapiro

Spiron J. Tentes

Gordon Chin, Chairman

## STRIKE REPORT

The Grand Jury has heard evidence concerning acts of violence and intimidation in connection with the recent municipal employees' strike. In particular, we have considered testimony from victims of assaults and other forms of intimidation which related to the attempts by these individuals to provide the citizens of San Francisco with emergency services during the strike and to prevent serious permanent damage to City-owned facilities. During the course of this investigation the Grand Jury has received testimony to the effect that certain City departments have not been responsive to demands from citizens for protection and for vigorous enforcement of both criminal and civil laws.

In light of our experience drawn from two municipal strikes during this Grand Jury's tenure we believe ourselves qualified to make certain recommendations which are set forth below and are directed to the problems of better preparing the City to cope with additional strikes of municipal employees should they occur. The Grand Jury finds that there has been criminal activity during and after City labor disputes, that such conduct has been investigated but little action has been taken, and that such conduct is deplorable and a serious threat to the personal safety of our citizenry and the integrity of the criminal and judicial processes in San Francisco. The Grand Jury recommends that the investigation by the police and the District Attorney's office and prosecution by the District Attorney be immediately and strongly pursued. The Grand Jury has forwarded the materials and evidence which it has gathered to date in this regard to the District Attorney. We expect the District Attorney to report to the next Civil Grand Jury after conducting his own independent investigation as to what steps he has taken in response to these matters.

## RECOMMENDATIONS

The Grand Jury notes with concern that future strikes by City employees have been threatened in San Francisco, and hopes they will not occur. Appropriate and legal bargaining machinery must be set up and guidelines adhered to. It is clear that strikes by public employees are illegal under existing law. Furthermore, they are costly to both striking and non-striking employees of the City, dangerous to the City's economy, particularly if they should spread to the private sector and strain the already tenuous fabric of unity and joint purpose within the City. As we have seen from last year's strikes by the police, the firemen, the crafts unions and others, there can be serious losses of property and even physical injury.



## STRIKE REPORT (continued)

Nevertheless, since strikes may occur, the Grand Jury calls upon all City departments to plan carefully so as to protect the interests of the City and the citizenry. It has been obvious from the previous experiences that there have been serious failures in preparation and handling of City strikes. In that regard, the Grand Jury recommends:

1. That the City Attorney actively pursue all legal avenues available on behalf of the City without regard to "political considerations", prepare carefully the factual and legal aspects of the City's positions and take steps to assure that proper service will be made upon all the parties involved.

2. That the City Attorney arrange now, in case a strike should occur, with the Sheriff to appoint qualified uniformed Sheriff's deputies to make service on defendant unions and union leaders. Private investigators have in two instances not been able to complete the job. The City Attorney must coordinate the effort of the Sheriff to be sure that the affidavits of service are properly filled out and prepared. Several unions and labor leaders apparently in violation of the court's orders in the last strike were not found guilty of contempt solely because of the failures in service of process. Such failures make a mockery of the judicial process in San Francisco's labor disputes.

3. That the City Attorney should either train a team of attorneys for labor relations matters or work out an arrangement with an outside legal firm with experience in this area to be prepared to represent the City in case of strike with qualified attorneys knowledgeable about the requirements of injunctions and other legal processes involved in any strike. The Grand Jury has no reason to believe that the City Attorney's office did not intend to make a strong case on behalf of the City in connection with the contempt proceedings against the involved union and leadership or their activities in promoting and supporting an illegal strike, but the Grand Jury believes the preparation was inadequate as pointed out in its report on the City's legal services.

4. That the District Attorney should vigorously investigate and prosecute all instances of violation of criminal laws involved in the strike, including vandalism, personal attacks and other criminal activities. Where necessary, the District Attorney should conduct his own investigation and use, when appropriate, the Indictment Grand Jury to aid in his investigation.

5. That the Police Department must provide protection to City property, employees, citizens and all other persons and arrest and apprehend all those violating criminal laws in connection with attacks on individuals and vandalism of City and other property.

## STRIKE REPORT (continued)

The question has been raised as to why the employee bargaining is not within the jurisdiction of the Civil Service Commission, which is charged with handling employee relations. It is unusual to have such matters handled outside the Civil Service Commission, as they are in San Francisco, first under the Chief Administrative Officer and now under the Board of Supervisors. The Chief Administrative Officer informed the CAO Committee of the Grand Jury that the only reason the employee relations unit with this function was not under the jurisdiction of the Civil Service Commission, as would be proper in normal employee relations management, was that the Commission was too employee-oriented and would "give away" too much. The Grand Jury feels as pointed out in the report on the Civil Service Commission, that in the long run the Civil Service Commission should have jurisdiction and should represent the interests of the City rather than be a captive of any particular groups.

Alan H. Nichols

Charles R. Breyer, Chairman



## COMMUNITY COLLEGE DISTRICT

The San Francisco Community College District serves a distinct need that is far different from that provided through other institutions of higher learning in that it has to assume the responsibility for the continuing educational needs of all the City's adults, 18 to 80, who wish for various reasons to extend their learning opportunities without cost. This is a monumental task. The Chancellor/Superintendent and the Board of Governors have addressed themselves with sensitivity, concern, talent, and vigor to many problems facing them in responding to this.

There are seven members on the Community College District Board of Governors. Of the seven members elected to the office in 1972, six are original members. Ernest Ayala replaced Dr. Louis G. Conlan when he retired. The Governing Board members are listed below:

Robert E. Burton, President  
Ernest C. Ayala  
John Yehall Chin  
Reynold H. Colvin  
Peter M. Finnegan  
John Riordan  
Doris M. Ward

Dr. Louis F. Batmale is the Chancellor/Superintendent.

## BACKGROUND OF THE COMMUNITY COLLEGE DISTRICT

November, 1969. Decision made by San Francisco Unified School Board to consolidate all adult and post-high school education by combining Adult-Occupational education with City College of San Francisco to form the new, legislatively mandated San Francisco Junior College District.

May, 1970. Agreements reached on transfer and division of properties, fiscal resources and personnel. Dr. Louis G. Conlan appointed First Superintendent of the new District.

July, 1970. Governing Board for new District organized with same officers as Unified School Board: Alan Nichols, President.

September, 1970. Dr. Louis F. Batmale succeeds Dr. Louis G. Conlan as President/Superintendent upon his retirement.

September, 1970. Board meetings separated from those of Unified School District.



COMMUNITY COLLEGE DISTRICT (continued)

November 16, 1970. Provided District Headquarters separate from 135 Van Ness Avenue through purchase and renovation of 33 Gough Street for office and classroom facilities.

November 21, 1970. Changed name of San Francisco Junior College to San Francisco Community College District.

Fall, 1970. Strengthened Administrative services by creating a separate District staff for Business, Personnel, and Facilities.

November, 1971. Proposition "L" passed authorizing a separate, elected San Francisco Community College District Governing Board.

June, 1972. Voters elected first seven-member Board of Governors for the Community College District.

August, 1972. President/Superintendent title changed to Chancellor/Superintendent. Dr. Harry Buttmer appointed President, City College of San Francisco.

August, 1972. New District Governing Board inducted.

June, 1973. Changed name of Adult Education Centers to Community College Education Center.

"The mission of our Community College District differs from that usually associated with institutions of higher learning. Our top priority is to promote learning opportunities for all adults. Our primary concern is the education of each student. We recognize that the principal agent in this complex human process is the instructor, and the primary setting, the classroom." - Dr. Louis F. Batmale, Chancellor/Superintendent.

The San Francisco Community College District reached its present level of educational services by establishing and observing well defined goals and objectives. What follows is a summary of the results of activities by objective in the years following its founding.

Objective 1. Develop San Francisco Community College District as a separate and distinct entity from that of San Francisco Unified School District. As you will note in the Background of the Community College District this was realized.

Objective 2. Develop appropriate and distinct governance and management style. Seek most effective means for problem-solving, decision-making, and policy recommendations. The seven-member Board of Governors and the Chancellor/Superintendent made an early commitment to full disclosure of faculty and community constituencies at Governing Board meetings. They also recognized the value of sharing

COMMUNITY COLLEGE DISTRICT (continued)

management and governing responsibilities by developing procedures for tri-partite involvement of administrators, faculty and students. Many other very successful steps were taken with great care, such as:

- a. Modified delivery systems to assure success of the education transaction as it occurs in the classroom setting;
- b. engaged a small staff of highly qualified district personnel;
- c. established clearly delineated departments to handle specific tasks, i.e. personnel, physical facilities, planning, research, facility and maintenance;
- d. broadened the base of faculty and administrative participation in budgeting process;
- e. recognized variance of goals and needs among career teachers and part time faculty; developed personnel policies and practices to achieve balance;
- f. provided uniform salary schedules based on comparable work loads;
- g. developed equitable and open hiring policies;
- h. appointed staff members with responsibility to co-ordinate research programs;
- i. established student accounting and information systems;
- j. expanded rental of community facilities in order to take programs to the neighborhoods and to special constituencies;
- k. expanded staff to include a physical facilities planning specialist;
- l. arranged for the introduction of SB 618, authored by Senator Marks, modifying California Community College Construction Act to obtain State construction monies for Adult/Occupational programs;
- m. initiated planning to complete City College campus and construct needed Community College District Education Center;



## COMMUNITY COLLEGE DISTRICT (continued)

### n. Completed search for Downtown Center site.

Objective 3. Design Systems for delivery of quality instructional and student services in both directions. Following this objective, Chancellor's Instructional and Student Service Committees have been established in order to effect closer coordination and continued improvement of services, committed District to one comprehensive community college campus, recognized educational needs of non-traditional students for continuing education, recognized the need to serve the employed members of the community by developing and properly locating special and cooperative programs, converted to credit status those programs where students' best interest are served, established objectives for each course or program and used these to evaluate teaching performance, and received FULL FIVE-YEAR ACCREDITATION from the Western Association of Schools and Colleges for District and City College Programs, and from the Accrediting Commission for Secondary Schools for the high school equivalency, full accreditation for the John Adams Community College Education Center programs, and obtained full accreditation for special programs, in Engineering Technology, Allied Health and Servicemen's Opportunity College.

Objective 4. To become a community college in fact as well as in name. The Community College District feels that its major responsibility is to improve the quality of life for the people of the City and County of San Francisco. Very effective liaison has been developed by sensitizing faculty to its responsibility by encouraging staff participation in community organizations and by intensive community involvement in District programs through advisory committees. The geographic and program advisory committees presently functioning are:

- a. Joint Labor-Management-district committees each addressing themselves to an occupational program;
- b. Cluster committees addressing themselves to related job families;
- c. Community College Education Centers and neighborhood committees addressing themselves to the unique needs of residents of neighborhoods such as Chinatown, Mission, Midtown, Western Addition, Haight-Ashbury, and Hunters Point;
- d. Special constituencies-e.g., the aged and various handicapped-adult groups.

Objective 5. To develop a program of internal and external communications designed to inform the staff and the public about the San Francisco Community College District, its nature, problems, programs, activities, and service. The Community College District has developed the following publications:



## COMMUNITY COLLEGE DISTRICT (continued)

- a. Intercom, chiefly for the public;
- b. Chalk-Talk, Adult/Occupational Division for its personnel;
- c. An eight-page Tabloid announcing Fall and Spring class Schedules for Adult/Occupational and City College Evening Division offerings;
- d. Developed continuing liaison with metropolitan dailies, ethnic and specialized publications, television, radio, outdoor and transit communications media.

## DISTRICT REVENUE PICTURE-1974-75

Forty-five percent of the revenue for the Community College District was provided by the local taxpayer. An important portion of the budget was attributed to prudent management of resources accruing from a previous year balance. State apportionment, or the reimbursement to the District for the education of its students, amounted to approximately 32.2% of the budget. Another 10% was added to the budget from State aid for construction. The Federal Government's contribution to the District budget was 3.9% of the total revenue. Revenue from the State accounted for the greatest share of the increase. Almost eleven million dollars resulted from greater State apportionment because of the increase in the homeowners' exemptions, and for State aid for construction based on the District's building program. The largest sources of Federal income to the District are derived from the Vocational Education Act and Adult Basic Education. The District spent the greatest part of its income for the purpose for which it functions-the education of the students. Seventy-seven thousand students attended City College of San Francisco and the seven Community College Centers last year. Eighty-four percent of the total current expense of educating students was for certificated salaries, 14% for the classified employee payroll, a little over 10% for fringe benefits, and more than 11% for other contractual services. The actual dollar amounts spent for educating students in the District rose from \$728 in 1970 to \$1,031 in 1975, or an increase of 7.5% per year over the past five years.

## SERVICES PROVIDED THROUGH THE SAN FRANCISCO COMMUNITY COLLEGE CENTER:

Career Guidance  
Information Retrieval - The Learning Resource Center  
Decentralized Community College Center (credit and non-credit)  
The Civil Service College (first of its kind in the entire country)  
Occupational Education - Job Training Opportunities  
English as a Second Language  
Programs for the Aging

## COMMUNITY COLLEGE DISTRICT (continued)

### Education for the Handicapped High School Diplomas

The members of the Civil Grand Jury of the City and County of San Francisco wish to whole-heartedly commend the Superintendent/Chancellor Dr. Louis F. Batmale, all members of the Board of Governors, Administration, and the Staff for having developed one of the finest, most responsive Educational Centers in the Country, and for their open-door philosophy to education which has encouraged people to return to the classroom for a variety of reasons; to receive a basic education, to get their high school diploma, to train for new careers, to update current ones, or to complete their lower division university subject requirements, while responding to the needs of the handicapped and to the aging.

Dr. Louis F. Batmale, Chancellor/Superintendent of the San Francisco Community College District, will be retiring during the school year, 1976/77. It is with regret that we accept this fact. He is hailed as one of the most dedicated educators, and certainly one of the finest District administrators in the community college movement. To replace him will pose an extreme difficulty for the Board of Governors.

### RECOMMENDATIONS:

1. Adult education in San Francisco has progressed from the traditional night school concept to a day and evening operation, six days a week, and into a continuous, year-round education service responding to the needs of a diverse ethnic and economic make-up. On this basis, the Grand Jury recommends that every vacant facility belonging to the San Francisco Unified School District be used to service where ever possible, the Community College District.

2. City College is under a legal duty to take affirmative steps to eradicate discrimination and the past effects stemming from discrimination in the areas concerning The Nursing Program and all other programs. The City College is under the obligation and duty to affirmatively recruit and provide educational opportunities for persons of diverse ethnic backgrounds so as to prepare them to better serve their communities. Therefore, the Grand Jury recommends that the Nursing Program reserve slots for qualified minority persons who make application even though their ratings MAY fall below the cut-off line.

We wish to express our thanks to all the Members of the Board of Governors, the staff administration, both classified and certificated, the Chancellor/Superintendent, and all others for their openness and willingness to discuss the "good" points and the "bad" points of the Community College District with the members of the Education Committee of the Civil Grand Jury of the City and County of San Francisco.



## SAN FRANCISCO UNIFIED SCHOOL DISTRICT

### INTRODUCTION

The Civil Grand Jury has extensively interviewed both members of the professional staff and all seven members of the Board of Education. In addition, the Grand Jury has visited schools and has observed public Board meetings and public meetings of the San Francisco Public Schools Commission. News articles, correspondence, budget documents, previous Grand Jury reports, and other data have been collected and analyzed by the Jury. Based on all of the information which we have been able to gather, we are painfully aware that there are a number of major problems which are inhibiting the ability of the school system to be responsive to the needs of the children for which it is responsible.

The San Francisco Unified School District services approximately 70,000 students. Its boundaries are coterminous with the City and County of San Francisco, and it is the only school district in the State of California that has this unique feature. The school district has 105 elementary schools, 18 junior high schools, and 11 senior high schools. Supplementing the regular schools, the district has many programs under the Special Education Division for the handicapped. They include speech, hearing, visual, mental, multihandicapped, physical, and educational handicaps. There is a program for the gifted students, and help for the homebound. There are three Education Centers serving newcomers to the city who speak Spanish, Chinese, or Filipino. In addition, a Bilingual/Bicultural program within the regular schools serves limited-English speaking students who may take either English as a second language, or be taught partly in their own language in bilingual classrooms. Many of the school buildings are being earthquake-proofed, since by California Law (Field Act) the schools not earthquake-proofed by 1975 cannot be used to house students. School populations are moved to other sites while their schools are being repaired. The district had, in the fiscal year 1975-76, a total budget of \$171,200,000, and the current tax rate is \$3.67. The total number of employees, including both certificated and Civil Service personnel for the fiscal year, is 8,454, and as proposed for 1976-77, is 8,072 -- or an overall reduction of 382 staff members. The proposed 1976-77 budget and statistical data, including the racial and ethnic classification of students, is available from the Superintendent's office.

### MANAGEMENT

The school district is managed by a seven-member Board elected on a staggered-term basis. Serving on the current Board of Education are five members who were elected and two who were appointed by former Mayor Joseph Alioto to fill vacancies.



## SAN FRANCISCO UNIFIED SCHOOL DISTRICT (continued)

The Superintendent of Schools, Dr. Robert F. Alioto, was appointed in July of 1975. His appointment culminated an extensive nationwide search conducted by a consultant, Dr. Donald J. Leu, Dean of the School of Education of San Jose State University, employed by the school district, and coordinated by Dr. Ralph Keller, Director of Career Planning and Placement at Stanford University. The Board involved a Citizens Advisory Committee, as well as members of the San Francisco Public Schools Commission, to assist in the interview and assessment of the final candidates.

The Board of Education is to be congratulated for the highly professional and objective manner in which it conducted the search for an educational leader. That this process was a wise one for the Board of Education to follow is supported by the fact that in testimony before the Grand Jury, all seven members of the Board agreed that Dr. Robert F. Alioto is a highly competent and able Superintendent. Each Board member further stated that he or she has no interest in terminating Dr. Alioto's services with the San Francisco Unified School District.

Dr. Alioto is the fifth superintendent to serve in the San Francisco Unified School District in a little over ten years. This constant change of superintendents has led to considerable chaos and disorganization. As a result of the lack of stability in the superintendency, the district's staff has been unable to institute educational programs that meet the needs of the diverse student population. An evaluation system for individual schools and professional personnel has not been implemented. The fiscal management of the school district was allowed to deteriorate to the point where the budgetary figures presented by the school administration had no credibility with the staff, the teacher organizations, or the public.

In large part, this administrative morass grew out of a fundamental confusion as to the proper roles of the Board of Education, on the one hand, and the Superintendent on the other hand. It is difficult to draw a hard and fast line between the proper authority of the Board and the proper administrative domain of the Superintendent. However, there is one area of authority that has served as a perennial thorn in the side of district superintendents and that caused a schism between the Superintendent and the current Board President earlier this year. That dispute arose out of attempts by certain Board members to have certain designated persons appointed to high-level administrative positions -- attempts that were resisted with an unfortunate degree of emotion by the Superintendent. Having heard testimony from all members of the Board and from members of the administration, we wish to state in no uncertain terms that, with the exception of their duty to hire the superintendent, it is not the proper function of the Board of Education to designate specific individuals for jobs in the school system, and attempts to do so must stop immediately.



## SAN FRANCISCO UNIFIED SCHOOL DISTRICT (continued)

In addition, members of the Board must insure that they are giving full representation to the citizens of San Francisco and not to other interests. Dr. Lee S. Dolson is a Director of the Classroom Teachers' Association -- a statewide organization of teachers which has a local branch in San Francisco. The San Francisco CTA presently represents San Francisco teachers in wage and hour negotiations through the local negotiating body. This is the first year of full collective bargaining for teachers mandated by state law, and the results of these negotiations will undoubtedly set a pattern for years to come. Nonetheless, a majority of the Board, including Dr. Dolson, has refused to hire a professional negotiator to represent the District. This policy is clearly folly, and the Board Majority should reverse itself at once and hire a sophisticated negotiator. Dr. Dolson should either sever all ties with the CTA or should refrain from discussion and voting upon issues that directly affect members of the CTA. Moreover, Board member Samuel Martinez, whose wife is a tenured teacher in the San Francisco public schools, should discontinue his practice of voting on matters directly affecting wages and hours of teachers.

Despite the atmosphere of hostility between the Board Majority and administration, the new Superintendent has set a course of action and achieved some success in implementing his proposals. For example, Dr. Alioto has reduced Central Office administrative costs by approximately \$250,000, and he has reorganized the staff so that the majority of them will be working in four areas of the City directly with parents, teachers, principals, and students. He has submitted and received approval for the implementation of a Redesign program which established minimum academic standards that must be met by students in order to receive a promotion. The Redesign program is geared to provide a sharper focus on the fundamentals of reading, writing, and computation skills. A number of the activities contained in the program are geared to reduce violence and vandalism in the schools. This Redesign program was approved by the Board of Education and is presently in a pilot stage.

In addition, the Superintendent's Cabinet has been reorganized, and whereas formerly 10% of the cabinet was represented by minorities, Superintendent Alioto's cabinet now reports a 50% minority representation, as follows: 4 black, 2 Asian, 2 Latinos. Further, the cabinet now has 4 women, where in previous years only one woman served. School Board members have noted to members of the Grand Jury that the Superintendent has been able to develop a cohesive team which both respects and has extended loyalty to the educational directions being established by the new Superintendent.

The entire business department has undergone extensive change. Mr. J. Anton Jungherr, the new Deputy Superintendent selected by Dr. Alioto, has requested and received considerable support from private industry for the use of Loan Executives to assess and make recommendations for changes in the operations of the business department. These Loan Executives have been provided on a full-time basis by such firms

## SAN FRANCISCO UNIFIED SCHOOL DISTRICT (continued)

as Standard Oil, Bank of America, PG&E, PT&T and Southern Pacific Railroad, at no cost to the taxpayers.

Mr. Jungherr, in his initial work, discovered that teachers had been overpaid in the past by some \$98,000 and has instituted legal proceedings to achieve repayment. He further discovered that the district was entitled to approximately 3/4 of a million dollars of reimbursement for Special Education programs which it had never applied for. The new Deputy Superintendent, alarmed at the lack of control in the finance department, recommended that the Board select a national independent auditing firm to conduct an intensive review of the Board's budgeting and accounting procedures. Specifications were developed and an independent firm recommended. The Board majority refused to approve staff recommendations and ultimately selected a firm whose initial bid was \$13,500 higher and employed the brother-in-law of Samuel Martinez, Vice President of the Board of Education. The 1974-1975 Grand Jury report recommended that the San Francisco Unified School District move toward increasing the budgeting responsibilities at the school site level and have the district establish its own purchasing department. Mr. Jungherr and the Board of Education are to be complimented in making strides for the achievement of these two recommendations. Further, they are to be complimented for implementing an affirmative action program in the granting of bids for contractors, subcontractors, and vendors. The San Francisco Unified School District is the first district to establish such a policy in the State of California, and the staff has actively complied with both the intent and the spirit of that policy.

Finally, Dr. Alioto is to be complimented for his efforts to utilize other City agencies, such as the Library, and the community-at-large in assisting in the resolution of the problems that are faced by school children. The Community College District and the Unified School District are currently working together to make maximum utilization of school facilities and programs for all the students in San Francisco.

### SUMMARY

The Board of Education did an excellent job in searching for an educational leader, Dr. Robert F. Alioto.

The fiscal management of the School District had been allowed to deteriorate badly in the past but is now much improved thanks to the employment of Mr. J. Anton Jungherr.

There has been a confusion of the proper roles of the Board of Education and the Superintendent in many areas especially in the area of employment of personnel.

Certain members of the Board of Education are confused as to their roles as policy makers and continually meddle in the administration of the district.



## SAN FRANCISCO UNIFIED SCHOOL DISTRICT (continued)

Plans of the Superintendent have been developed and are being implemented, with which the Grand Jury is in accord, as to minority representation in the Superintendent's cabinet, educational Redesign, joint use of library facilities, and Central Office reorganization.

From these and other findings, the Grand Jury has made its recommendations as to improving School Board and Superintendent relations, conflicts of interest, Superintendent and School evaluation, employee relations, cost and budget managements.

The public has been closely involved in Board of Education matters. This is the best way to assure needed progress and support for our public schools. Based on these findings, the 1975-76 Civil Grand Jury makes the following recommendations:

1. That the Board immediately take steps to comply with recommendations made by the report of the San Francisco Public Schools Commission (the "Riles Commission"), dated June, 1976, and entitled, "TO IMPROVE RELATIONSHIPS BETWEEN THE SCHOOL BOARD AND THE SUPERINTENDENT."
2. That the Board be more sensitive of potential conflicts of interest. In particular, Dr. Dolson should either sever his relationship with the California Teachers' Association or refrain from discussion and voting on matters affecting working conditions and wages. Mr. Martinez, whose wife is a teacher, should similarly refrain from participation in matters affecting working conditions and wages.
3. That the Board and the Superintendent develop an evaluation policy that will allow the Board objectively to assess the performance of the Superintendent and that will allow the Superintendent to give the Board of Education direct feedback on its relationships with the Superintendent.
4. That the Superintendent submit to the Board the procedures for assessing school performance as outlined in a report to the San Francisco Public Schools Commission, dated June, 1976, as prepared by Professor Michael Scriven of the University of California.
5. That certain members of the Board refrain from publicly castigating and denegrating its employees and that they begin to deal with issues on the merits.
6. That the Board continue to change the format and setting of its public meetings in order to assure honest dialogue with the community and efficient handling of business before the Board.
7. That the Board clearly spell out ways of reducing the cost of education and of establishing education priorities so that administrative staff can be both responsive and accountable in

SAN FRANCISCO UNIFIED SCHOOL DISTRICT (continued)

implementing policies to which the Board is committed. The Board Majority cannot reject the Superintendent's specific recommendations for cost reductions and expect him to present and be responsible for a balanced budget without an increase in the tax rate unless the Board Majority in turn makes specific and workable recommendations for cost savings.

8. That the Board immediately hire an expert labor negotiator so that the interests of San Francisco's taxpayers may be adequately represented in collective bargaining negotiations with teachers' unions in San Francisco.

ADDEDUM

On June 22nd, the Board requested the Superintendent to prepare and submit a budget representing a \$7 million cut. On June 29th, Dr. Alioto presented the Board with the requested proposal. It was rejected by the same Board Majority. Following approximately 50 speakers and at 11:10 P.M., Father Reed submitted a single copy proposal representing an \$8.3 million cut, \$4 million of which could not be explained. During much heated debate, other members of the Board accused the Board Majority of meeting and conferring, which is in clear violation of the Brown Act. The legality of this budget was questioned and requests were made to the Legal Adviser for a disposition. Mr. LeRoy Cannon, Legal Adviser to the Board, ruled this budget illegal. This circus act ended at 4:00 A.M. However, on the following Saturday, July 3rd, the Superintendent's proposal was unanimously adopted by the Board. It must be noted that at this meeting the Board Majority did not even consider Father Reed's proposal which they had illegally adopted on June 29th. This is some evidence to support the contention that Reed's budget was nothing more than a political charade.

David Garrett

Alan H. Nichols

Elizabeth A. Carr, Chairman



## CIVIL SERVICE COMMISSION

### Introduction

The Civil Service Commission is the central personnel agency for San Francisco's City and County government. Established in 1900, the City Charter mandates that the five-member Civil Service Commission (CSC) provide employment and personnel services to the various municipal departments and employees. This responsibility is carried out through the CSC staff, which comprises the City and County's Personnel Department.

Through its professional and support staff, the department performs a number of key personnel management functions which are essential to the operation of a merit based system of public personnel administration. Such key functions include recruitment and examining, wage and salary administration, and position classification management. Noticeably absent in the department's organizational structure as formal operational entities are activities in employee development, equal employment opportunity/affirmative action, and labor-management relations.

A definite plus is registered regarding the technical competence and capabilities which the department's professional staff members bring to their important work. There appears to be good balance on the staff between journeyman-level personnelists who have had an opportunity to experience the various transitions which have taken place through the years in the field of public personnel administration, and less experienced professionals who - although lacking this breadth of experience - bring to the department recent developments and methodologies from the behavioral and social sciences.

Particularly noteworthy in terms of the CSC's departmental staff, is the high quality capability and talent brought to the demanding job of general manager for personnel by Bernard Orsi. In a number of interviews and meetings during the year with the Grand Jury Committee responsible for assessing the Civil Service Commission, as well as an appearance before the entire Grand Jury, Mr. Orsi left a highly favorable impression as a result of his candor, comprehensive knowledge and understanding, and ability to "cut through to the heart of the matter" in response to questions dealing with complex matters and sensitive issues. An appointee of the Alioto administration, the Grand Jury believes that San Francisco is indeed fortunate to have a person of the caliber of Bernard Orsi as the City's chief personnel administrator.

### Personnel Management Organization and Effectiveness

In a very real sense, fiscal year 1975-1976 was a significant milestone for the City and County of San Francisco. It was a period



## CIVIL SERVICE COMMISSION (continued)

when many City residents were confronted with the inescapable realization that the cost of their City government was not only excessively high, but threatening to continue increasing to an intolerable and unaffordable level. It was a period during which San Francisco experienced the harsh reality of two strikes by its public servant (with a third strike by Muni Railway personnel looming ominously on the City horizon for the Summer of 1976). It was also a period when many taxpayers became all too painfully aware of their costly generosity to large numbers of City employees, not only in terms of salaries and wages, but also in fringe benefits (see, for instance, this Grand Jury's reports on the Employees' Retirement System and Health Service System).

Compounding these and other alarming events which transpired in the City during the year (and which are reported on by this Grand Jury in a number of other departmental reports of findings), was the foreboding news which swept across the country on New York City's financial crisis. This was soon followed by news of other local governments on the East Coast facing similar situations - although not as severe - as New York's.

It may therefore be said that as a result of the events described above, as well as others of a similar nature, the past year was highly significant for San Francisco in that during this period residents were jolted from their somewhat apathetic approach of the past toward City governmental affairs. The result was, for the most part, a citizenry which became more interested, aware, and involved in City Hall's policies and practices.

As San Franciscans started taking closer and more critical looks at the operation of their City government, many soon discovered that the largest portion of the budget was for those items which directly associate with personnel costs. Over 60% of the annual City budget appropriation of \$790 million for the current fiscal year was allocated to wages, salaries, and fringe benefits. Information such as this had the natural effect of creating additional questions by residents on their sizeable annual investment for City manpower resources. Such questions, in response to which this Grand Jury devoted considerable time, concerned the size of the City workforce, its utilization and cost effectiveness, manpower planning forecasts and controls, and the ultimate question of accountability. (i.e., What objective measures are there to determine minimally acceptable standards for the quality of services provided to the public? Or, is what City government doing really making a difference for San Francisco?)

In response to the Grand Jury's request for information regarding the City government's non-federally subsidized workforce composition, the CSC provided the following data. As of January 1976 there were a total of 23,425 such City positions. Broken down into the four major categories, the total was comprised of 5,424 craft workers, 1,902 municipal railway operators, 3,675 uniformed police and

CIVIL SERVICE COMMISSION (continued)

fire fighters, and 12,424 miscellaneous employees.

How do these workforce statistics compare to those of other cities throughout the country? In a previous report by this Grand Jury (A Need for Better Fiscal Control), reference is made to a study prepared for Congress and released to the public in October of 1975. A number of findings from the study are relevant to the questions presently being addressed. The following excerpts are therefore taken from the previously released Grand Jury report regarding the study prepared for Congress and entitled, New York City's Fiscal Problem: Its Origins, Potential Repercussions, and Some Alternative Policy Responses. The study

"...made a comparison of twelve major cities in the United States, including San Francisco. The picture it gave was startling. San Francisco's per capita expenditure for local government was second only to New York City's, with a figure of \$1,073 for San Francisco compared to New York's \$1,286, St. Louis' \$610, Chicago's \$600, or New Orleans' \$431. In the number of persons employed by local government per 10,000 population, San Francisco was second only to New York City. The salary of a fireman was higher in San Francisco than in any of the other eleven cities. The salary of a policeman in San Francisco was the third highest of the twelve cities; Los Angeles was the highest with Detroit second."

Such information is not only startling, it is one of the major causes of the prevailing need for reform among San Franciscans toward their City government.

How, then, does San Francisco come to have such a large public workforce? Are the large number of City employees a result of some intentional design stemming, perhaps, from some past management organizational study which concluded that satisfactory delivery of public services in San Francisco required such numbers? Are the City's overall personnel resources taken into account on an annual basis through systematic assessments of departmental staffing patterns which assure that satisfactory levels of performance and productivity, based on predetermined standards, are maintained?

As the Grand Jury found through its investigations in City departments, the answer is an emphatic "No". The large number of City employees does not appear to have come about as a result of systematic planning and design. When one considers that continuous exodus of residents which has occurred now for a number of years, the large number of City public servants certainly cannot be attributed to an ever increasing need for more services from a growing legion of City



## CIVIL SERVICE COMMISSION (continued)

dwellers. It is doubtful that even the considerable number of people from surrounding communities who work in the City, or use its facilities for social and recreational purposes, can account for all or even a significant portion of the large City workforce.

For whatever reasons, indicators such as the Congressional study cited above as well as the spiraling cost increases of San Francisco's City government, have signaled the need to trim down the municipal bureaucracy. Since personnel costs are by far the largest part of the budget, both the Mayor and the Board of Supervisors have focused their major efforts during the past year on personnel reductions to bring down costs.

This Grand Jury concurs with the policy decision to not only limit further increases in the City workforce, but to also reduce the total number of positions allocated. The Grand Jury disagrees, however, with the procedures used to accomplish these ends - namely, the Citywide freeze on hiring and reduction - in-force based solely on seniority. Such procedures fail to take into account a department's need to carry out its mandated responsibilities by filling key positions which become vacant as a result of turnover. Lay-off procedures which use only seniority as a criteria, overlook the relative efficiency of staff members and can thus contribute to the loss of valuable and productive skills. The continued use of these two approaches, while decreasing personnel costs, also decreases the ability of government to perform at a satisfactory level.

This Grand Jury believes that an urgent need, of the highest priority, is for City government to develop the capability to systematically assess on an ongoing basis the organizational and cost effectiveness of all municipal departments and agencies in San Francisco. Such an investment, although initially requiring additional resources, could assist immeasurably in identifying organizational deficiencies as well as providing assistance to City managers on productivity enhancement and cost reduction techniques. Hopefully, the contemplated enlargement of the budget analyst function in the Mayor's Office (with the capability for conducting management audits) will meet this urgent need.

### Work Performance Standards and Productivity

A corollary need to the above proposed capability, is the development of a personnel management tool which will assist departmental supervisors to assess the level of performance of individual employees. Inherent in the need for such a tool is a recognition that effective organizations require standards of productivity based on empirical measures. Establishment of such standards would have the added benefit of providing definite staffing requirements necessary for a program or organization to operate successfully.



## CIVIL SERVICE COMMISSION (continued)

The development of such work performance standards for all classes of positions in the City civil service, should of course be assigned to the City's personnel department. Such a tool will both compliment and supplement the CSC's newly developed system of performance appraisals which will be used in the near future to evaluate all employees of the City and County of San Francisco.

### Employee Development

One of the more discouraging aspects found by this Grand Jury on the City's personnel program was the lack of commitment by the Board of Supervisors to allocate funds necessary to maintain a formal training program for City employees. It would not seem necessary in this day and age (or in a sophisticated city like San Francisco) to have to remind top elected officials that the investment in career civil service employees is considerable and that in order for anyone to keep up with the state of the art in their field, periodic training and updating is necessary. This, of course, holds true for practically all occupations in the City service.

Although the CSC has attempted in the past to administer a quality program for the ongoing development of employees, the inconsistency with which funds are allocated for this vital purpose has frustrated progress achieved to date. For the fiscal year starting July 1, 1976 no funds were provided for this important personnel management function. It is difficult to comprehend how any lasting effectiveness will be maintained in City government (notwithstanding management audits, performance appraisal systems, work performance and productivity standards, etc.) if the basic vehicle for accomplishing the work - the employee - is not provided with periodic developmental experiences.

The Grand Jury urges that funds for the purpose of training City civil servants be returned to the CSC program budget for FY 1976-77. Also, that serious consideration be given to establishing a permanent training division within the CSC to centralize all employee development activities for City personnel, including periodic assessments of training needs.

### Affirmative Action/Equal Employment Opportunity

The City and County of San Francisco has an ethnic/racial minority population which almost constitutes a majority. It may be reasonable to assume, then, that a substantial part of the City's services are being utilized by non-white residents. Unfortunately, San Francisco's minority groups have not been afforded the opportunity to participate in their City's governmental service to anywhere near the extent indicated by their numbers in the population. For those minorities who are represented in the City workforce, relatively few hold positions in policy making jobs or managerial, supervisory, or professional positions.



## CIVIL SERVICE COMMISSION (continued)

The Grand Jury regrets that City government has not taken advantage of the wealth of skills and abilities which are abundant in the minority community. Although the CSC has attempted to alleviate the situation through the establishment of an affirmative action officer position within its department to oversee and monitor the City's equal opportunity efforts, the Board of Supervisors has repeatedly eliminated the position from the budget, as it did again this year.

Although the CSC has attempted (and will continue attempting, according to Mr. Orsi) to shoulder this additional program responsibility through existing departmental staff, the CSC recognizes that this important personnel function requires the full support and commitment of additional resources in order to have a positive impact. Such resources would contribute toward the development of the City's first affirmative action plan, as well as assisting the various departments in complying with the plan through their own internal activities in the areas of upward mobility and career enhancement programs.

The Grand Jury strongly recommends that the Board of Supervisors and the Mayor demonstrate concern and good faith for the minority community of San Francisco by providing the necessary funds to establish an affirmative action officer function in the personnel department.

### Upward Mobility

Since personnel costs are the single largest portion of the City's budget, obviously a substantial annual investment is being made by the taxpayer for public manpower resources. In addition to wages, salaries and fringe benefits, costs associated with a personnel program include expenditures for recruitment and testing of job applicants, background and employment verifications, medical examinations of new employees, and a training period when new employees cannot be expected to be highly productive. Although employee turnover is a fact of life in any organization, it obviously behooves management to attempt to keep down such additional costs by retaining productive employees in whom the organization has an investment.

It would thus seem that a major effort on the part of City government would be to foster a program that enhances the opportunity to not only retain proven employees (e.g., those that have passed their probationary period), but also to continually develop for more responsible duties those workers who have demonstrated a commitment for the public service. As may be found in many large organizations, the City government has employees of high capability and potential who are presently working in low-level, dead-ended jobs. At the same time, there are positions at the professional, technical and administrative levels with varying amounts of less demanding responsibilities that should not require the attention of these higher level personnel. If such "less demanding duties" could be identified and extracted, it would not only relieve higher level staff to concentrate on more appropriate duties which are commensurate with their pay, but also allow the creation from the extracted duties of new para professional type positions.

## CIVIL SERVICE COMMISSION (continued)

Such para professional type positions could serve, in a career ladder program for upward mobility, either as target jobs or bridge positions to higher level work. These positions could thus also serve to provide encouragement and motivation for advancement to many present and talented employees who find themselves performing work of a routine nature which is far below their capability. While the CSC has made some praiseworthy in-roads through the development of para professional and professional trainee position classifications, this Grand Jury believes that more emphasis needs to be placed on this personnel management procedure for developing and upgrading the current City workforce.

In addition to the lack of sufficient career ladders in City government serving as barriers to upward mobility for many employees, one of the City's personnel law has a particularly detrimental effect in this regard. Civil Service Rule 8.01 prohibits employees from competing for classes of positions assigned a lower salary schedule than their current class. For example, an employee in a senior clerical classification, compensated at a higher rate of pay than that for an entry level professional classification, is ineligible to compete for the latter. This is true regardless of the employee's qualifications. Since many lower level employees attempt to advance themselves by attending college on their own time, this practice denies employees the opportunity for upward mobility and could result (if it hasn't already) in the loss of services of valuable employees who have a significant contribution to make the City service.

The Grand Jury recommends that action be taken to have Civil Service Rule 8.01 repealed.

### Labor-Management Relations

The City's labor-management relations function has, until recently, been organizationally located in the office of the Chief Administrative Officer. During FY 75-76, the Board of Supervisors lifted this important function from the CAO and brought it under the direct supervision of the Board.

Past Grand Juries, noting that labor-management relations is an integral part of personnel management, have recommended that the function be placed under the Civil Service Commission. Notwithstanding the fact that such past recommendations have gone unheeded, this Grand Jury makes a similar recommendation based on the following rationale.

In conducting annual collective bargaining negotiations with employees' organizations, City officials (whether the Mayor, Board of Supervisors, or the labor relations specialist) have in the past relied heavily on information provided by the central personnel agency, the Civil Service Commission. This is appropriate since the CSC is charged with systematically collecting, analyzing, reporting and maintaining on a continuing basis, personnel data which assists City officials in



## CIVIL SERVICE COMMISSION (continued)

making numerous decisions during the course of the year. Based on available evidence, it appears that the CSC has been providing very satisfactory staff assistance to City officials.

In FY 75-76, based on a recently passed proposition by voters, the City's labor relations specialist had the prime responsibility for conducting the day-to-day negotiations for a new contract. As indicated above, the labor relations specialist reported directly to the Board of Supervisors. Therefore, it somehow appears that the labor relations specialist constitutes the only vital staff assistance to City management in this important matter.

As stated above, and based on the key role that the CSC is charged with in collecting and preparing personnel data, this is obviously not the case. But if the CSC is relied on to contribute a substantial and significant portion of the information used by City officials in labor negotiations, why is it not acknowledged as a key member of the management team? Since the labor relations specialist must certainly have to consult with CSC officials on a fairly regular basis regarding technical aspects of the personnel program, why isn't the labor relations function simply a part of the CSC department, where it would operate on a year-round program basis in an environment of personnel management?

The Grand Jury believes that the time has long past for this City government to establish a management team with the proper staff support and back-up mechanisms to effectively operate in the labor relations milieu of San Francisco. The Grand Jury suggests that incorporating the City's labor relations function in the CSC would be an effective way to develop such a management team.

## HEALTH SERVICE SYSTEM

In its annual assessment of the Health Service System, the Civil Grand Jury has found the department to be exceptionally well administered operation and effectively carrying out its mandated responsibilities.

### Background

The Health Service System is the City department responsible for providing the best possible medical coverage available to its members at costs which are both reasonable and affordable.

As of June 1976, there were approximately 24,000 active City employees participating in the Health Service System, some 7,300 retired employees, and 1,432 resigned and residual employees. When the dependents of these groups are added, the Health Service System is administering medical coverage for approximately 69,000 people.

## HEALTH SERVICE SYSTEM (continued)

### Fiscal Management

The Health Service System budget appropriation for Fiscal Year 1975-1976 totaled \$561,382. In addition to providing for the salaries of 26 staff members, the appropriation was also applied toward expenditures for materials and supplies, contractual services such as those provided by a private actuary, and services of other City departments (e.g., Data Processing Center) needed by the System. In keeping with its fine fiscal management record during at least the past five years since the present Executive Director, Philip J. Kearney, assumed this position, the Health Service System "lived" within the budget allocation initially approved by the Board of Supervisors for its operation during the entire fiscal year. The department has never requested a supplemental appropriation from the Board of Supervisors during Philip Kearney's tenure as administrator of the System.

### Medical Plan Provided

There are presently three separate health care programs or plans from which members may select. Plan I is the City Administered Plan, Plan II is the Kaiser Foundation Plan; and Plan III is Blue Cross of Northern California. Claims filed against the City Administered Plan are processed and paid through the Health Service System office. Phoenix Mutual Life Insurance Company of Hartford, Connecticut, is the underwriter for major medical benefits in connection with the City Administered Plan. Both the Kaiser and Blue Cross plans underwrite their own major medical contracts.

Approximately 35-40% of the membership-at-large participates under the City Administered Plan (Plan I). About 53% belong to the Kaiser-sponsored program.

The following are monthly out-of-pocket costs to members for the three health plans during FY 1975-1976:

	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Employee	\$ .50	\$ 1.31	\$26.19
Employee and Spouse	\$29.69	\$27.33	\$61.99
Employee and Family	\$47.84	\$50.67	\$77.21

### Contribution by City and County

Effective July 1, 1975, the City and County of San Francisco contributed \$24.71 per month toward the cost of an active employee's medical care coverage. Starting July 1, 1976, the amount of contribution will be increased to \$27.30 per month. The amount contributed by the City is computed each year by averaging the amounts being contributed for public employees by the ten most populous counties in California.



## HEALTH SERVICE SYSTEM (continued)

The City Charter also provides for the subsidization of retired employees' health plans. The Charter also mandates that no retired employee will pay any more than his active counterpart. Thus, during FY 1975-1976, since an active/single member was paying only 50¢ per month out-of-pocket in premiums for Plan I coverage, his retired counterpart was also paying only 50¢ per month. However, where the City was contributing \$24.71 per month for the active/single employee, the subsidy for the retired/single employee under Plan I was \$45.59 per month.

Effective July 1, 1976, both active and retired employees who are single will pay \$1.00 per month for medical coverage under Plan I. The City, however, while contributing \$27.30 per month for the active employee, will subsidize the retired worker at the rate of \$52.32 per month.

While this Grand Jury acknowledges the gratitude that residents of San Francisco appropriately have toward their public employees (whether active or retired) and fully supports the concept of the City's continuing contribution toward members' medical care program, the Grand Jury would be remiss in its duty if it disregarded the obvious and dramatic cost increases that augmenting the amount of subsidy required each succeeding year by the City.

An indication of the possibility of such "run-away" cost increases was signaled by the Health Service System in its Annual Report to the Mayor's Office. The report, dated August 7, 1975, covers activities during the fiscal year July 1, 1974-June 30, 1975.

The report stated that the \$23.16 per month contributed that fiscal year by the City toward the cost of an active employee's medical insurance coverage represented an increase of \$12.73 over the City's contribution for the previous fiscal year. This increased contribution for coverage of active/single members under Plan I amounted to an additional cost to the City of \$1,399,307. The total increased cost to the City for both active and retired members under the three medical plans for fiscal years 1973-1974 to 1974-1975 was \$3,658,369.

Although a complete set of cost data for next year (fiscal year 1976-1977) was not available at the time this report was finalized, it may be reasonable to assume that costs in the medical insurance industry will continue to climb. Based on this assumption, it may also be reasonable to assume that such increased costs in the industry would be passed on by the underwriter to the City.

Therefore, barring any significant reduction in overall medical insurance costs as a result of current collective bargaining negotiations, as well as labor-management negotiations that will be conducted this summer, it is likely that the level of the City's contribution and subsidy for active and retired members of the Health Service System will continue to increase.



## HEALTH SERVICE SYSTEM (continued)

Since the time may be fast approaching when the City can no longer afford to be as generous to its public employees as it would like in its level of contribution for medical insurance premiums, the Grand Jury recommends that the Board of Supervisors conduct a comprehensive study regarding this fiscal matter.

## RETIREMENT SYSTEM

### Introduction

As a City department, the Retirement System has in past years not generally received a great deal of attention or notoriety in San Francisco, nor has it been characterized as being a center of controversy. Rather, the department has traditionally been viewed by many as a highly reliable and effective old-line organization which could be depended upon to continually deliver quality services while maintaining a relatively low profile in its day-to-day operations.

One of the reasons(perhaps the major one) for this image can be directly attributed to the outstanding administrative leadership and dedication that is provided by one of the most knowledgeable public officials in City government, Daniel Mattrocce. As General Manager of the Retirement System for the past 17 years, it is evident that Mr. Mattrocce has developed a highly productive operation that effectively responds to the needs of the System's membership as well as meeting other responsibilities and demands placed on the department.

Now in his last three years before his own retirement from City service, Dan Mattrocce will indeed be difficult to replace. The Grand Jury salutes him for his dedicated efforts and distinguished contributions toward better City government.

Another reason which may have contributed in the past to the relatively low visibility of the City's Retirement System is the actual function of the department (seen, perhaps, as rather unexciting and unglamorous) as well as the highly technical nature of the work (e.g., amortization principles, actuarial valuations, etc.) which may not be completely understood by the average man on the street.

Whatever the reason(s) may have been in the past for keeping the Retirement System away from the public spotlight, in fiscal year 1975-1976 the situation changed dramatically. Stemming in part from a strike by police and fire fighting personnel in August 1975, and reinforced by the disconcerting news of the financial crisis in New York, San Franciscans suddenly developed an intense interest for any information relative to the cost of their City government. Thus, the Retirement System was also caught up in the public's seemingly insatiable appetite for news on the City's financial status and found its activities and policies covered by the media on a regular basis.

## RETIREMENT SYSTEM (continued)

### Scope of Present Report

In these perilous times of governmental fiscal distress the hallmark of this Civil Grand Jury has been to signal any significant activities which could further impact adversely on the City's financial status. With this thought and the above events in mind, this year's report on the Retirement System changes the emphasis on areas covered by past Grand Juries in recent years. This is not to say that the areas traditionally reported on by recent Grand Juries are inconsequential. Rather, the questions and concerns of San Franciscans during the past year regarding excessive costs of their City government, compelled this Grand Jury to focus the thrust of its investigation on the following issues.

### Retirement Fund Requires Additional \$17.5 Million

Undoubtedly the disheartening news during the year from the Retirement System to San Francisco taxpayers was that their contribution toward the City employees' pension program would be increased on July 1, 1976 from \$75,378,291 to \$92,907,289. Estimates by various City Hall fiscal experts on the property tax raise, which would result from the additional \$17.5 million contribution, ranged from 52 to 68 cents per \$100 of assessed valuation.

The major part of the increase is for uniformed police and fire personnel who were granted liberal pension benefits by the voters in the November 1974, election. As a result of propositions M and H passing at that time, the City will now have to contribute to the pension fund about 74 cents for every dollar of salary earned by police officers (up 28% from last year and an increase of 247% in the last five years) and 67 cents for every dollar earned by fire fighters (up 49% from last year and an increase of 260% in the past five years). On the other hand, the increase in the City's contribution for miscellaneous workers will be only 2 cents, bringing to 18 cents for every dollar earned the amount the City must provide to the retirement fund (up 14% from last year and an increase of 60% in the past five years).

A highlight associated with the \$17.5 million increase was a taxpayers' suit filed on November 28, 1975, asking invalidation of the 1974 ballot measure that increased pension benefits to San Francisco policemen and firemen. The suit contended there were some 5,000 illegally registered voters when Proposition M passed by 3,060 votes. The court ruled, however, that the Elections Code requires that a challenge to the passing of a ballot measure must be filed within 30 days of the certification of the election. Plaintiffs argued that the 30-day statute should not apply since the voter fraud was not discovered until late in 1975 and they would, in any event, appeal the court's ruling.



## RETIREMENT SYSTEM (continued)

Other "approaches" to lessen the cost impact to the taxpayers' pocket books surfaced as full awareness of the City's increased obligation to maintain its retirement system in balance aroused City-wide response. For instance, one of the elected City employee members of the Retirement Board urged his fellow Board members to consider a revised financing plan that would reduce immediate costs. Such a plan would spread out pension obligations over 25 to 30 years instead of the present, conservative 14-year period (analogous to refinancing a home loan from a 14-year to a 25-year to 30-year base).

The Grand Jury acknowledges that under such an approach the annual payments would drop, which is desirable. The Grand Jury also recognizes, however, that in the end the total interest costs would increase substantially and, therefore, adamantly opposes the utilization of such an unsound fiscal remedy. Although there is not any great consolation in acknowledging that there may not be "any way out" and that the increased retirement benefits will necessarily have to be borne by the City taxpayer, the experience truly brings home the realization that all concerned must now carefully assess future decisions regarding costs of government in relation to their ultimate affordability.

## Industrial Disability Pensions

Another aspect of high City government costs that drew considerable attention during the year was the present policy and level of activity regarding disability retirements. San Franciscans learned that a substantial increase over last year of claims for disability pensions from City employees were being received and processed by the Retirement System. Many residents again discovered the very liberal City policies provided to their public servants, particularly uniformed police and fire fighting personnel.

For instance, many learned for the first time that only police and firemen are eligible for benefits derived from obtaining an industrial disability pension. Such benefits include a tax free pension until the retiree reaches the mandatory retirement age; a 100 per cent continuation of his pension for his wife if she survives him; and payment by the City of all medical bills related to his service-connected disability. A recent survey indicated that about 46 per cent of the City's 2,250 retired police officers and firemen have disability status, compared to only 15 per cent among their counterparts in Los Angeles.

Also of interest to San Franciscans was information on the types of injuries which qualified police and firemen for disability pensions. While many had suffered the severe type of injuries one would normally associate with these hazardous lines of work, a growing number of cases were definitely not of this variety.



## RETIREMENT SYSTEM (continued)

The Grand Jury audited records of City personnel recently granted industrial disability retirements and found cases which included injuries sustained in the following manner: fracturing a bone in the foot as a result of a slip and fall while carrying a bulky object in a fire station; a police officer originally injured his back when lifting a television set and thereafter experienced reinjuries on two other occasions, culminating in a third aggravation of his back injury when he turned in a swivel chair; a police officer slipped on a grating at the Hall of Justice and twisted his knee which required surgery but failed to improve; an officer stepped off a curb on to a slippery surface and fell injuring the right groin and lower back; and an officer originally sustained a back injury while running making a training film, and reinjured the back two years later when reaching back to pull on a door.

A number of such injuries could, and obviously do, occur in any line of work (whether clerical, professional or blue collar) as well as in one's own home or simply walking down the street. This Grand Jury supports the disability pension provisions of the Retirement System which take into account the hazardous work of police and firemen. However, the Grand Jury also believes that at the time they were passed into law, the intent or spirit of such industrial disability provisions did not include the type of injuries described above which are certainly not unique to police and fire fighting work. The Grand Jury therefore recommends that the Board of Supervisors review and evaluate the industrial disability provisions to determine if changes are needed to bring these provisions into line with their original intent.

The Grand Jury was also surprised to learn of the numerous cases of disability pensions granted to police and firemen who had sustained injuries sometime in the past (In too many instances it was some years in the past!). Although the Police Department, for instance, does have a policy of light-duty jobs for injured personnel, the period of such light-duty is limited. In numerous cases, however, it was found that the injury for which a disability pension was granted, was sustained much earlier than the light-duty period allowed could cover.

Questions, therefore, which immediately come to mind include: "How could so many of these men continue working at their regular jobs for such a long time before being granted a disability pension?" as well as "What is the quality of service being provided San Francisco if a number of its present police and firemen are working while having a disability which in all likelihood will qualify them later on for industrial disability retirements?"

Such practices drew added attention recently as a result of two veteran San Francisco police narcotics officers convicted of taking bribes, who decided to seek disability retirement pensions. If granted, such pensions will be around \$1,125 a month for each officer. At

## RETIREMENT SYSTEM (continued)

the present time the City's Retirement Board has on file a record number of applications (around 400) from police and firemen seeking disability retirements. The number of such applications has tripled this year.

The Grand Jury strongly urges a thorough review of these practices. Such a review could be part of the evaluation recommended above to redefine the disability retirement provisions and bring them back into line with their original intent.

### Voting Patterns on Retirement Board

As San Franciscans learned during the course of the year that the City department known as the Retirement System had a significant role in the growing cost of their municipal government, they wanted to know who in particular had the authority to make such decisions as in disability retirement cases. They found that the System had a seven-member Board, and it was this group who made the decisions. It was also soon disclosed that the various members who comprised the Retirement Board, tended to vote a certain way on certain issues. It was learned, for instance, that the three City employee members on the board tended to vote "yes" a significantly greater percentage of the time on industrial disability cases than the average for the other four members.

Although, perhaps, no one should be particularly surprised that Retirement Board members selected to represent City employees tend to give the employees the benefit of the doubt in rather important matters such as disability pension cases, the impression is left that "there must be a better way." The Grand Jury recommends that serious consideration be given to hiring a hearing officer who would adjudicate matters such as disability retirement. The new hearing officer function would provide a level of objectivity as well as a standard of professionalism which some believe is absent under the current adjudication procedures for industrial disability cases.

### Like Work - Like Pay

As fiscal year 1975-1976 drew to a close, still another disclosure regarding the unusual and certainly costly City pension rules came to light. It seems that a relatively common personnel practice in the police and fire departments (but especially for the police) is to temporarily shift lower ranked officers into higher graded job slots when the department is having difficulty filling the higher positions with qualified personnel. The difficulty may stem, as an example, from no list of civil service eligibles being available. Apparently, then, in order to have the duties and responsibilities of these vacant higher level positions performed, the department will temporarily upgrade a lower level officer.



## RETIREMENT SYSTEM (continued)

In a number of cases, however, the department will need to jump an employee two grades higher in order to fill a vacant slot. The problem here is that under present City laws, if an officer or fire fighter works as a temporary employee in a higher paying classification (even though it may only be for just one day) and if at that time he decides to retire, he is entitled to the same pension retirees in the next lower job classification are paid. Therefore, if a police officer in the entry-level classification is temporarily upgraded two classifications (over the next higher position of assistant inspector to the position of sergeant) and works as a sergeant for at least one day before retiring, he is entitled to the pension of an assistant inspector.

According to the City Retirement System, by May 1976, about 22 such retirements had occurred in the past eleven months of the current fiscal year. According to Mr. Mattrocce, the 22 retirees will cost the City an additional \$16,166 by the end of June 1976. Projecting these costs into the future and based on the retirees' life expectancies, Mr. Mattrocce indicated that the total cost will be \$201,590 by the time they die.

Obviously, this City law, like other pension provisions noted in this report, were not drafted with care and can ill be afforded by the San Francisco taxpayer. This Grand Jury thus calls upon the Board of Supervisors to undertake a comprehensive study leading to the reform of the City's pension laws and provisions.

### Summary of Recommendations

Maintain present sound Retirement System financing plan which covers pension obligations over a 14-year period.

Conduct a thorough evaluation of City's pension laws to determine if modifications are warranted to correct present costly practices such as those cited in this report regarding industrial disability retirements and "Like Work - Like Pay" cases.

Hire a highly qualified hearing officer to adjudicate cases such as industrial disability retirements.

Gordon Chin

Roger Boas

Jesse Lemus, Chairman



## THE OFFICE OF THE MAYOR

This past year has been a transition from one mayor to another, from Joseph Alioto to George Moscone. It has seen a change of emphasis in City Hall from a form of municipal government that has been traditional for the past forty years to one that emphasizes a search for fiscal control. (See attached report entitled "A Need for Better Fiscal Control".) It has also seen a very difficult time for both mayors: Mayor Alioto's last six months and Mayor Moscone's first six months were hard periods for the two men.

This Grand Jury is not in a position to evaluate the eight year regime of Mayor Alioto. Previous Grand Juries have had an opportunity to offer their evaluations during the course of that administration, and in the absence of an independent investigation we do not feel it appropriate to comment on a time not encompassed within our tenure as a Grand Jury.

During this last year, the Civil Grand Jury became aware of several examples of instances in which the Mayor's decisions served to postpone hard fiscal decisions until a time when he would be out of office. For example, the Mayor personally proposed that the Board of Supervisors use an anticipated surplus in connection with the setting of the tax rate for the 1975-1976 fiscal year. The Grand Jury predicted in an earlier interim report that the net effect of the novel use of anticipated surplus would be to postpone an inevitable tax increase until the present fiscal year when, of course, Mayor Alioto is out of office. It appears that, although the magnitude of the tax increase cannot be ascertained at the time of writing this report, there will, indeed, be a substantial increase in the ad valorem property tax and the magnitude of this increase is attributable in part to the decision of the Mayor and the Board to use anticipated surplus for purposes of setting the tax rate in an election year. Moreover, the Grand Jury has also reported that the Mayor and the Board have not voted sufficient revenue to maintain capital assets of the City and County. The net effect of this policy was to keep the tax rate artificially low during the term of Mayor Alioto and to pass on responsibility for increased maintenance expenditures to Mayor Alioto's successors. In a similar vein, Mayor Alioto exhausted the Mayor's Special Fund for 1975-1976 in the last six months of 1975, leaving Mayor Moscone with a bare cupboard for the remaining six months of the fiscal year. Finally, there can be little dispute that the situation with the Port is deplorable, and it seems likely that ad valorem property taxes will eventually have to be allocated to the Port to keep it operating. The foregoing instances are all examples of disappointing decisions made by the Alioto administration that had the practical effect of postponing and deferring hard fiscal choices until someone other than Mr. Alioto would be in the Mayor's Office.

## THE OFFICE OF THE MAYOR (continued)

The conflict of interest trial involving Mayor Alioto's role in the PFEL purchase was widely publicized, culminating in a Superior Court judge ruling in October, 1975 that there existed "both an actual and a potential conflict of interest". The Court also ruled that the potential conflict existed even if the Mayor divested himself from a loan guarantee to Freighters, Inc., an Alioto family firm, enabling them to purchase PFEL. As the matter was a civil case, the possibility of criminal action was left up to then District Attorney Ferdon. The D.A. subsequently accepted the Mayor's withdrawal of the guarantee as absolution of conflict, and did not pursue criminal complaint action.

Although the case has been litigated, the Grand Jury, in retrospect, suggests that the Mayor's involvement whether direct or remote, with the Port's largest tenant, may have complicated sensitive port issues such as the attempt to forestall the departure of APL to Oakland, or the Port's efforts to negotiate a repayment plan for a long-standing PFEL debt to the Port.

In August 1975, the Board of Supervisors presented the police with a new pay scale. The scale was not acceptable to the police and they went out on strike, in apparent violation of a court order. And shortly thereafter the firemen followed suit. Mayor Alioto stepped into this situation, declared that an emergency existed, and settled the strike by meeting nearly all of the demands of the police and firemen. The public was outraged.

Alioto's position is that if he had not acted State troopers would have been sent in to provide the City with protection, and that this action would have precipitated a general strike. The Grand Jury disagrees. It feels that Mayor Alioto acted unwisely, and that by interfering and imposing a fiscally unsound solution he did the City a disservice.

During the late fall of 1975, as the election for a new mayor was drawing to a close, some vacancies occurred in the City commissions, including the Civil Service Commission, which carried a set term. The Grand Jury felt that it would have been the wisest course not to fill these vacancies so that the new mayor could put in his own commissioners. However, Mayor Alioto chose to fill the vacancies. The appointment of his cousin to a long term on the Civil Service Commission indicates poor judgment on the part of the outgoing Mayor.

It seems to the Jury that Mayor Alioto acted too late in his term to be effective in the need to control City finances. Recognizing that none of the City fiscal offices was providing the necessary expertise at a time when criticism of municipal finances was sweeping the country, the Mayor commissioned a study which recommended establishing an office of management and budget. It was



## THE OFFICE OF THE MAYOR (continued)

published in November, only thirty days before the Mayor left office, and too late for him to do anything about it. Under Mayor Alioto, a great deal of money was received by the City from federal grant programs--revenue sharing and community development. Millions of these dollars were allotted to the Redevelopment Agency for downtown projects, including the Center for the Performing Arts and Yerba Buena. Toward the end of his term, in fact, the Mayor seemed intent on building Yerba Buena before leaving office, and in the process his haste seemed to override good financial and fiscal analysis, and respect for the right of expression of dissent from his policies. Yerba Buena sat empty, a symbol of monolithic projects and mammoth land deals of the past, a parking lot that cost San Franciscans a fortune.

At the same time, very little money was allocated in the budget for deferred maintenance. Significantly, Mayor Moscone has recommended an increase in the allocation to be spent on capital improvements, which we hope will reverse the previous policy of neglecting the need for the adequate provision of deferred maintenance. The Grand Jury commends this change.

Mayor Moscone had only been in office for about two months when the City employee craft unions, upset with the pay scale offered to them by the Supervisors, went on strike. They were supported by the municipal railwaymen and by some other City employee unions.

This strike placed Mayor Moscone in an extremely difficult position. As a result of the adoption of a charter revision--which he had opposed during his campaign--the Mayor was not permitted to take an active role in strike negotiations. His "ostensible" inactivity subjected him to criticism, which ironically enough, was raised by many of the same sources which had previously condemned the former Mayor for interfering.

The Grand Jury met with Mayor Moscone during the strike in order to determine what measures were being taken to offer relief to those persons who were severely affected by the loss of City services. We were gratified to learn that the Mayor had authorized City departments to contract with private business to provide for garbage collection as well as other emergency services which public health required, especially in those areas least able to afford a loss of City services. We believe that those actions were warranted and that the Mayor's decision to use the private sector in this emergency was justified.

Of course, Mayor Moscone did not publicize these actions because he felt that to have done so would only have aggravated a potentially volatile situation. We understand his reluctance to issue public pronouncements at a time when he was seeking to encourage flexibility on both sides. Therefore, his actions, we believe,



## THE OFFICE OF THE MAYOR (continued)

reflected a sound understanding of the political realities of the situation as well as being consistent with his legal responsibilities.

Because they displayed cohesiveness during the strike, and because of their successful labor stance, the Board of Supervisors is now a stronger political force than it has been for many years. For a recently appointed Mayor, this can be a difficult situation. Mayor Moscone is now challenged to put his own imprint on City affairs. It is unclear, at this point, just what sort of relationship is going to exist between the new Mayor and the Board, especially since his opponent in the hard fought election is chairman of the Board's Finance Committee. The Jury felt it was encouraging that the Board chose the Mayor as the eleventh and "swing" member of the all-important labor fact-finding panel, because the appointment placed the City's highest elected official in a position of accountability to the voters.

Because of the recent strikes, negative public views, and reduced paycales, City employee morale is at a low ebb, from the lowest paid worker to the more highly paid managers. Raising this morale, creating a high esprit de corps, and consequently increasing worker productivity should be one of the Mayor's primary goals. The Grand Jury which succeeds this one will have to report on how well he has accomplished this task.

By the time Moscone took office, it was obvious that there was a need for a central management-oriented fiscal office, commonly called an Office of Management and Budget. But because of his uncertain relationship vis a vis the Supervisors, Moscone unwisely delayed in pushing for the establishment of such an office. At present writing (June, 1976), the Board is in the process of setting up its own office and the Mayor is attempting to do the same. The Jury feels that this is unfortunate and could result in duplication of effort, unnecessary expense, needless rivalry and the possibility of two ineffectual fiscal offices instead of one strong one. This is a problem which must be resolved, and presents a major challenge for Mayor Moscone.

Charles R. Breyer

Mrs. Charlotte C. Poole

## ATTACHMENT

### 1975-76 SAN FRANCISCO COUNTY CIVIL GRAND JURY INTERIM REPORT A NEED FOR BETTER FISCAL CONTROL

#### Introduction: Financial Condition Unknown

When the Grand Jury took office in September, 1975, we immediately focused on San Francisco's financial situation. It was our primary interest and concern. We knew that New York City was in financial trouble and that there was a strong possibility it would have to default on its debt. What we did not know, and very much wanted to find out was whether San Francisco was in a comparable situation and whether the course on which it was set would bring it fiscal stability in the future.

We therefore talked extensively to the City's three chief fiscal officers: the Controller, the Budget Analyst to the Mayor and the Budget Analyst to the Board of Supervisors. In addition, we talked to members of the Main Lafrentz & Co. accounting firm who had been auditing the Controller's office under a contract from the Board of Supervisors.

We first tried to find out about the financial condition of the City. Was it healthy or unhealthy? Were costs in line with budgeted expenditures or exceeding them? Was there any serious problem with productivity? Was the City's excellent credit in any danger of being downgraded? How did the aging and depletion of the City's plant effect the financial picture?

We learned, to our surprise, that the City's fiscal officers did not know. They were not in possession of enough information to enable them to answer. They thought the City's financial condition was healthy, but this was a guess. They had few yardsticks with which to take the proper measurements. They could not tell whether costs and receipts were in line for two reasons: no forecasting had been done in the past to predict what the current fiscal year should be; the City budget was prepared on a line-by-line basis and it was impossible to separate the various departmental programs to see if they exceeded their original anticipated cost, as departments were not run on a management-by-objective basis. They were unable to measure productivity. They thought the City's credit would remain very good, but this was strictly guesswork. They could not calculate the financial effect of "deferred maintenance"--the cost of replacing or refurbishing the City's aging plant. If the City was "going in the hole", they did not know it.

We learned that Mayor Moscone had an experience similar to ours. He told us that when he took office he called together all department heads who dealt in any way with finances and asked them "what is our financial condition?" He said that they could not tell him.



## ATTACHMENT (continued)

In October of 1975, a study prepared for Congress entitled New York City's Fiscal Problem: Its Origins, Potential Repercussions, and Some Alternative Policy Responses was made public (Background Paper No. 1, October 1, 1975, Congressional Budget Office). It made a comparison of twelve major cities in the United States, including San Francisco. The picture it gave was startling. San Francisco's per capita expenditure for local government was second only to New York City's, with a figure of \$1,073 for San Francisco compared to New York's \$1,286, St. Louis' \$610, Chicago's \$600, or New Orleans' \$431. For the category "Common Municipal Functions" which includes elementary and secondary education, police, fire, sanitation, parks, etc., San Francisco's per capita expenditure was the highest of the twelve cities. In the number of persons employed by local government per 10,000 population, San Francisco was second only to New York City. The salary of a fireman was higher in San Francisco than in any of the other eleven cities. The salary of a policeman in San Francisco was the third highest of the twelve cities; Los Angeles was the highest with Detroit second. And in debt outstanding per capita, San Francisco's was third out of the twelve following just behind New York City and Boston. (New York City \$1,676, Boston \$1,385, San Francisco \$1,225, Chicago \$733, Los Angeles \$650, Baltimore \$609 )

Our Jury also wanted to know if there was any one office in City Hall which was responsible for overall financial control. Was there a place which gathered and interpreted all the facts, monitored departmental budgets, followed up on those departments whose expenditures were out of line, prepared forecasts of revenues and expenditures for 4 or 5 years ahead, performed management audits, helped departmental accounting departments to introduce or revise systems and procedures, and gauged the effect on the City's financial condition of additional long-term costs such as employee pensions or bonded debt?

We learned that there is no such office. Neither the Controller nor anyone else performed the vital function of central fiscal control. We feel that a central fiscal office is urgently needed, and that the lack of such an office endangers the City's financial well-being.

A closer look at the offices of the Controller, the Budget Analyst to the Mayor and the Budget Analyst to the Board of Supervisors follow.

### The Controller

The Controller's office was established in 1932 to eliminate graft and to make sure that there was enough money in the bank to pay the bills. For over forty years we have been graft free and our bank account has never been overdrawn. Worthy as these two accomplishments are, they are in no way sufficient to get the City through today's perilous financial times. We need, today, a strong central



## ATTACHMENT (continued)

fiscal office run by a strong fiscal manager. In the Controller's office we have neither.

The Controller's office does not forecast future revenues and expenditures; it does not monitor current year budgets; it does not perform management audits to check on productivity of the departments; it does not calculate the cost of deferred maintenance; it does not collect and weigh all the evidence to come up with a useful financial picture. It does not have a corps of management-accountants to turn loose on problems; it does not have knowledge of or give aid to other City Departments struggling with financial problems. It often appears to rely on self-serving advice from interested parties concerning the impact of proposed new bond issues.

The Controller himself, John Farrell, was appointed from a previous position in the Public Utilities Department. Although he was most cooperative with our Jury, and evidenced a strong desire to do a good job, he was unable to answer many of our questions, the answers to which we felt he or his staff should have had readily available.

The Controller's office is not functioning as we would like to see it function. That this is the case was spelled out by Main Lafrentz & Co. in a most unusual letter to the Board of Supervisors dated February 6, 1976. They faulted the Controller for an inadequate audit of the City Treasurer, incorrect handling of accounts receivable involving "material amounts", overstating contracts by as much as \$4,000,000, and many other complaints. They concluded their letter by saying: "We feel that the fiscal problems of the City and County may be approaching a crisis proportion." Further, the quarterly and annual Controller's reports are issued late.

In sum then, although there is a real need today for a central financial management office, the Controller's office is not equipped to meet this need. And whereas we need the strongest possible type of financial manager to run this office, we have, instead, someone whose background and training has not prepared him adequately for the role.

### The Budget Analyst to the Mayor

We feel that the budget section in the Mayor's office, headed by a Budget Analyst, is unable to provide the Mayor with much financial information other than items directly pertaining to the budget. It is a small section, and it is lacking in management personnel. It cannot tell the Mayor how a department is performing; it does no forward planning; it cannot perform management audits; it cannot do wide statistical research. In short, it is of little use in giving the Mayor an overall financial picture of the City or in providing him with controls to stop budget overruns, improve productivity and the like.

## ATTACHMENT (continued)

The present Budget Analyst, Rudy Nothenberg, is well aware of these shortcomings. In trying to correct them, he feels handicapped by the lack of financial management personnel available in either his office or other offices of the City. He appears however to be in control of a difficult situation.

### The Budget Analyst to the Board of Supervisors

This office was established a few years ago when the Supervisors found that they needed a clearer, in-depth analysis of budget requests than they had been getting from the Controller's office. The Budget Analyst's office has been very helpful to them. In addition to analyzing budget requests, the office provides the Board with a fairly wide range of financial information and occasionally undertakes small-scale management audits.

Because the City budget is not a program budget but rather a line-by-line budget, it is difficult if not impossible to make any sense of it and to use it as a financial management control. An important aspect of the Budget Analyst's job is to translate these line items into something meaningful for the Supervisors. But the Budget Analyst's office does not do any forward planning of revenues and expenditures, nor does it monitor the various departmental budgets to see whether or not they are being exceeded.

Harvey Rose, the Budget Analyst, appears to be very competent. His office, providing the information that it does to the Supervisors, fulfills a real need. However, during the preparation of the 1975-76 Budget and the setting of the tax rate, Rose advised the Supervisors that they could use as a source of revenue an anticipated surplus--a form of deficit financing. The Jury felt that in making this recommendation, Rose was most imprudent, and that his course of action, which was adopted by the Supervisors, was a dangerous one. We are pleased to note that the Mayor's office has stated publicly that anticipated surpluses should not be used again to balance the budget.

### Needed: A Central Office

The Jury feels strongly that a central fiscal office is needed and should be established. Of the three fiscal offices now in being, only one, the Budget Analyst of the Board of Supervisors, is serving as a source of financial control, although it is limited in its scope. The other two, the Controller and the Budget Analyst of the Mayor, are not equipped to be of any real use at a time when municipal finances are unravelling across the country.

An office is needed that is able to keep tabs on the financial condition of the City at all times. It must be able to interpret the facts and to assess their impact on the City's financial condition. It should assess, especially, the impact of any potential bond issues.



## ATTACHMENT (continued)

The Jury feels that without such an office it will be exceedingly difficult for the Mayor and the Board of Supervisors to steer a prudent course.

The office should make forecasts, covering four or five years ahead, of anticipated revenues, costs, and possible deficits. It should assess and make known the deferred maintenance costs which must be met in the years immediately ahead. As a new fiscal year unfolds, it should monitor each department to make certain that the department stays within its budget. It should have the muscle to take corrective action if the department exceeds its budget. At the same time, it should help each department set sensible objectives that are financially obtainable. It should take the mystery out of all programs and be able to analyze them for the Mayor and the Supervisors upon request.

### Reporting Structure of New Central Office

We think the office would operate best if it came under the authority of the Mayor. He is the City's Chief Executive with the ultimate responsibility and we think that this is a tool which he should control. We feel, however, that the office and all of its personnel should be obligated to give equal service to the Board of Supervisors.

The suggestion that this office be under the Mayor is opposed by both Mr. Nothenberg and Mr. Rose. Nothenberg does not want a central budget office at all. Rose does want one, but thinks it should report jointly, to both the Mayor and the Board of Supervisors.

A proposal for a central office of budget and management was made by Mayor Alioto as his term ended, in November, 1975. It received very little attention or public discussion. A resolution to establish a central office of budget and management was introduced in the Board of Supervisors in early March, 1976, and is currently under consideration there. If established, its scope of activities would be much less than those which we envision as being necessary and desirable.

### Conclusion

In City Hall today, no one knows the true financial picture of San Francisco. This is obviously a dangerous situation.

As shown in a recent Congressional report entitled New York City's Fiscal Problem, San Francisco's financial situation compares unfavorably with most of the eleven other cities surveyed in the report.

There are certain important activities, most necessary at a time of municipal financial stress, which are not being performed today in City Hall. The activities which are not being performed include: forecasting income and expenditures for future years, evaluating the cost of deferred maintenance, setting up and monitoring



ATTACHMENT (continued)

programs, management audits to check on productivity and waste, and evaluating the impact of all newly proposed or incurred long-term financial obligations.

There are now three main fiscal offices in City Hall. The most important of these, the Controller's office, is not functioning well. None of the three offices, as now constituted, can take on the missing activities described above.

There is, therefore, a need for a central fiscal office, an office of management and budget, which would perform the activities not now being done. Our Jury feels that the need for this office is urgent. If City Hall continues to do without these activities, the Mayor and the Board of Supervisors will have to operate very much in the dark and may find it extremely difficult to follow a prudent financial course.

The form of the present budget is unintelligible. As an instrument of management it is useless. Almost everyone in City Hall thinks it should be changed to a program form of budget which would allow the departments to operate on a management-by-objective basis, and the Jury wholeheartedly concurs.

Finally, there is a question of who should control the new office of budget and management. Some feel it should be controlled jointly by both the Mayor and the Board of Supervisors. Others feel it should be independent, or perhaps under the Controller. Still others feel that it should report to the Mayor. We favor this latter course. We feel that the Mayor, as the chief person responsible for the well-being of the City, should be the one in control of this important office. We further feel that the new office should have the statutory obligation of providing information and service to the Board of Supervisors.

May 14, 1976

By and on behalf of the 1975-76  
San Francisco County Civil Grand Jury

/s/ Lloyd D. Luckmann  
LLOYD D. LUCKMANN, FOREMAN

## ELECTRONIC DATA PROCESSING

### Introduction

San Francisco has a large investment in electronic data processing. The suggested improvements are as follows.

### Administration

Electronic Data Processing (EDP) is run by the EDP Manager--a thoroughly competent person. The Manager, however has two superiors--the Controller and the Chief Administrative Officer. The Controller handles administration. The CAO handles projects, functions and priorities. The CAO is aided in this task by the EDP Priority Committee, of which he is the chairman.

The Grand Jury feels that EDP would run better if one person had the responsibility for all EDP activities. It feels that that person should be the Controller. In addition to simplifying authority, it would mean that EDP would have one person representing its interests with the Board of Supervisors and the Mayor. As it is now, EDP is often treated as an orphan, its potentialities ignored and its needs unheard. In light of the Controller's lack of knowledge and experience in data processing technology and data processing management, the Grand Jury recommends he take immediate steps to remedy this situation by such actions as taking courses in this important area.

The purpose of the EDP Priority Committee is a good one, namely, to decide on those projects which should be undertaken and those which should be put aside. It includes some of the top financial people in City Hall (Mayor's Budget Analyst, the Board of Supervisors' Budget Analyst, etc.) and a top citizenry group consisting of computer experts from the Bank of America, Standard Oil, Southern Pacific and Lloyds Bank.

But it appears that the advice of the Priority Committee is not taken by either the Board of Supervisors or the Mayor. This is an unfortunate waste of some of these executives' time and a poor reflection on the management of the City who do not have a background in data processing as noted by a representative of the Grand Jury when he attended Finance Committee meetings of the Board.

### Past and Present Projects

EDP was begun in the 1960's and after the usual problems of installing a new system were overcome, it began to function well (and is still so doing) in the housekeeping field: payrolls, accounts receivable, keeping track of external fundings from state and federal governments, etc. This year, EDP has completed setting up a program system for the Police Department, the criminal justice system (just



## ELECTRONIC DATA PROCESSING (continued)

now being completed), the Juvenile Court, the Sheriff, and a special unit for traffic citations. All of these seem to be functioning reasonably well.

EDP now intends to take over the accounting of San Francisco General Hospital. The Jury believes this will be a major step in expediting revenue collection for the City. As the Jury has pointed out in other reports, the Hospital's accounts receivable have been badly handled and millions of dollars are owed to the City. By computerizing this application, there is a good chance that this situation will be remedied.

Another area in which EDP intends to move is that of management assistance to various City departments. It will try and find ways to be helpful in areas such as productivity measurement, program monitoring and the like.

### Employees

Because computers are so complex, highly skilled employees are an essential part of a high quality EDP system. It is the Grand Jury's impression that the quality of the EDP personnel leaves a good deal to be desired. The problem is that the pay, as established by Civil Service, for EDP personnel is running approximately 12% below what is being paid in non-City employments, and many talented people are leaving.

The result of being so far under pay scale has turned the City of San Francisco into a vast training ground for EDP technicians who get their training at City expense and then leave us. EDP has no trouble in attracting the new trainee. He stays for six months and then quits. An exception to this has been the past year when business was down because of the economy and industry was not hiring. But now that the economy has turned around, the raids are starting all over again.

Civil Service is not at fault. It recommended a 19% increase at the last salary standardization hearing. But as only a 7% increase was granted (this percent was used across the board in all departments), EDP personnel are still way under scale and hence the department is vulnerable, and defections will continue.

The Grand Jury feels that the question of EDP pay should be taken up at the highest level of government, namely, the Mayor and the Board of Supervisors.

### Conclusions

1. The Grand Jury recommends that the Controller take charge of all aspects of EDP and that the CAO be removed as the chief person setting priorities.



ELECTRONIC DATA PROCESSING (continued)

2. The Jury recommends that the Controller undertake some intensive courses in data processing technology and management.
3. The Jury recommends that a more intensive lobbying effort with the Mayor and the Board of Supervisors be undertaken by the Controller so that the potential of cost reductions which EDP could provide can be better understood.
4. The Jury recommends that, under the Controller, EDP get heavily involved in aspects of management in all of the departments--especially in the area of department productivity.
5. The Jury recommends that the pay scale of EDP personnel--most especially those which have finished the training program, be put on a par with outside industry.

Charles R. Breyer

Mrs. Charlotte C. Poole

Roger Boas, Chairman

## THE ART COMMISSION

### Introduction

The Art Commission's responsibility is to represent and maintain the cultural and artistic life of the City--excluding the museums. Because of the difficult economic situation in which the City finds itself, the area of culture is extremely vulnerable to budget cuts. Thus the challenge of the Art Commission is to produce products of such high quality that their elimination would cause serious civic misgivings.

### The Commission

The Commission, which was established in 1932, is required to have on it two architects, one landscape architect, one painter, one sculptor, one musician, one literary person and three lay people. What is missing are representatives of the theater and of dance and conceivably these could be augmented in the future.

The museums aside, the cultural life of the City revolves around the Opera, Symphony, A.C.T. and Ballet. It is the view of the Commission that these four activities are now traveling a middle road--i.e., they do not put on productions that are "extreme". The Commission feels that its role is to cover the extreme, namely, the avante garde (which it is not covering) and the popular (which it is covering). The Grand Jury is not in a position to assess this. The Jury's recommendation is that whatever the Art Commission undertakes, it should strive for the highest possible quality.

### Activities

In the past, the Art Commission provided certain basic activities such as a Pops Concert series, a Municipal Band, a Civic Chorale and an Arts Festival.

The emphasis on this kind of activity changed three years ago when the Commission was pledged \$500,000 per year from federal revenue sharing, for a period of five years, to be used for the acquisition of community cultural centers in the various neighborhoods. Now in its fourth year, neighborhood cultural activities are expanding and the traditional activities are contracting.

### Neighborhood Activities

Eight areas have been selected in which to invest the 2 1/2 million dollars of federal revenue and they are: Western Addition, Central City (2), Bayview-Hunters Point, Chinatown, Potrero Hill, Mission and North Beach. In these areas, land is being either purchased or put under long-term lease. As of now, approximately \$1,250,000 has been expended and another \$1,250,000 will be expended

## THE ART COMMISSION (continued)

in the next two years. This five year program has been tied to the Performing Arts Center (covered in another Grand Jury report) which has also received federal funds but which is a non-neighborhood activity. The purpose of the neighborhood cultural centers is to serve all the arts and to provide space for theatrical facilities, performances and workshops.

Approximately \$35,000 per year is needed to pay for operation and maintenance of City owned neighborhood centers. Only \$18,000 has been allotted.

### Traditional Activities

In addition to the neighborhood programs mentioned above, the Art Commission is continuing its traditional activities, although in a somewhat reduced form. Its budget of \$435,000 has increased only 12% over what it was five years ago. A major portion, 35% (\$150,000), goes to defray the cost of the Pops Concerts--as required by the Charter. The Municipal Band was eliminated about two years ago. The Civic Chorale has just been eliminated. The budget for the Arts Festival has been heavily reduced.

The Grand Jury feels that the Art Commission should make every effort to continue to provide both general programs as well as neighborhood programs. The Jury feels it would be a pity if San Francisco's cultural activities were to decrease.

Charles R. Breyer

Mrs. Charlotte C. Poole

Roger Boas, Chairman



## DEPARTMENT OF CITY PLANNING

Paramount among the events that affected the Department of City Planning this year was the complete turn over in its top echelon. After a hiatus of six months, a new planning director, Rai Okamoto, was appointed to succeed Dean Macris, who resigned, effective January 1, 1976, after he was caught in the storm that swirled around the issue of non-resident voting and holding office in the City. Macris was apparently a victim of a technicality whereby he had been advised that to maintain an apartment in the City would meet the residency requirement. The advice was mistaken. Macris, a well respected planner and effective administrator, seemed in his short term as head of City Planning to be working toward establishing a more equitable balance between national commercial, regional commuter interests and those of City dwellers.

He was the choice of, and worked with an Alioto appointed Commission that included names well established in San Francisco. Mrs. Julia G. Porter, whose first service in City Planning was in Mayor Roger Lapham's administration, 1944-1949, and whose later service spanned 16 years. Others were department store executive Walter S. Newman; investment manager Mortimer Fleishhacker, Jr.; industrial realtor John Ritchie, and AFL-CIO Labor representative Hector Rueda.

One of Mayor Moscone's first official acts after his inauguration was to name an entirely new Commission representing a very different constituency. They are: Susan Jane Bierman, neighborhood activist; Ina F. Dearman, child welfare worker; Gordon J. Lau, lawyer and civil rights worker; Toby Rosenblatt, business consultant with conservationist interests; and Charles Starbuck III, lawyer and ecologist. The contrast between the two bodies is evident.

It is this Commission that has selected Mr. Okamoto, a 17 year San Francisco resident, architect and consultant in urban design, who believes that design must have social relevance. His firm were architicts for the Japanese Cultural Center and have done a number of urban studies for the City. The staff with which he began working in June seems competent and willing to give the extra effort necessitated by personnel shortages and escalating duties. There has been some understandable deterioration in morale because of uncertainty about the Board of Supervisors' fiscal policies and the anticipated evaporation of federal funding.

However, the apparent resolve of the new Commissioner to do a thorough job and the devote the enormous amounts of the time required to do it, should have a positive affect. Two of the most far-reaching programs to which the Commission and staff addressed themselves since January are the Residential Re-zoning Plan, which includes some highly

## DEPARTMENT OF CITY PLANNING (continued)

controversial down-zoning to preserve the single family character of some neighborhoods, and the requirements for hospitals, sanitariums and institutions of higher learning to submit Institutional Master Plans for conditional use application and building permits. This last is an amendment to the Municipal Code which puts restrictions on the kind and amount of expansion that large institutions can undertake. It was developed over a period of years in cooperation with a number of vocal and active community groups, notably those in the area of the University of California Medical Center and other medical centers.

The Residential Re-zoning Plan appears contradictory in several ways. While appearing to reduce densities and protect residential areas, a goal this Jury supports, there are some components of the plan that may have a different result, especially for low-income areas. Part of the Plan, for example, appears to permit open space transfers, permitting the expansion of a building to cover more of a lot in exchange for recreational or open space contained within the building. Other aspects of the plan, while attacking density, appear likely to result in larger buildings with larger units inside, all likely to be supportive of trends that lead to more and more expensive housing. Density in the Mission, moreover, might well increase under the Plan. It does appear that the Richmond and Sunset districts would benefit, as single-family housing would be more protected, a situation with which this Jury has no argument. But the question of demolition of housing, a citywide problem is not addressed.

Coming up soon will be a study and recommendations on a massive survey of commercial and industrial activity in San Francisco and trends in employment and business activity. This is sure to attract a great deal of attention and discussion among all segments of the City and the surrounding area. The Commission's job will not become any easier in the foreseeable future. While we may not agree with all their decisions, we commend their sincerity and devotion.

It is the expressed belief of most professionals in the planning field here and elsewhere across the country, that the day of wholesale clearance and massive relocation is over. In the past, the bulk of San Francisco's federal allocation for Community Development has gone to the Redevelopment agency which is basically a State agency and not under City control. It has been used in ways that have created bitter controversy, generated expensive lawsuits and contributed to civic frustration.

We make the following recommendations:

1. Because planning should be linked to the way a city



## DEPARTMENT OF CITY PLANNING (continued)

spends its money, and the city budget should follow a coherent program, we urge the Mayor and the Board of Supervisors to explore ways of giving the Chief Executive access to Planning and Budget in one department.

2. We urge that serious consideration be given to absorbing most of the functions of the Redevelopment Agency into a Department of Planning and Budget.
3. Past Grand Juries have recommended that space be found so that the Planning Department personnel can be housed together in one office building, rather than three separate ones; and that the overlapping functions of City Planning and the Bureau of Building Inspection be reviewed and, if possible combined, still maintaining present standards. We reiterate these recommendations and urge that they be given a high priority.

## PARKING AUTHORITY

The Parking Authority may be unique among City agencies. Its full time staff of three has a total of 50 years service with a projected budget of \$60,000 for 1976-77. Together with five Commissioners who are businessmen appointed to a four year term by the Mayor, this smoothly running staff performs its important revenue producing function in a low key.

It administers the distribution of all meter revenues, the first \$938,000 of which goes into the General Fund for Traffic Regulation and Control. The remainder (\$1.5 million in the 1974-75 fiscal year) goes into the Off-Street Parking Fund. A one million dollar surplus in 1975-76 and \$1.5 million surplus in 1976-77 will go into the City Treasury's General Fund from the Parking Authority's Off-Street Parking Fund to help reduce the ad valorem tax rate.

A complicated system of interlocking relationships with other City agencies enables the Parking Authority to maintain its efficient operation:

Site Acquisition, Setting meter and parking rates-  
Board of Supervisors

Traffic surveys - Department of Public Works' Engineers



## PARKING AUTHORITY (continued)

Leases, contracts, land acquisition - City Attorney  
Meter installation, removal, relocation - Dept. of Public Works  
Meter maintenance - Department of Electricity  
Land acquisition - Real Estate Department  
Environmental Impact - Department of City Planning  
Coin collection - Tax Collector  
Parking violations - Police Department

However, the Parking Authority controls less than one-fourth of all the parking stalls available, or about 10,000 out of 40,000. Those it does not control:

Embarcadero and Fisherman's Wharf - the Port Commission  
Candlestick Park - Recreation & Park Department  
S.F. International Airport garages and meters - the Airports Commission

There are three categories of parking facilities that do come under the control of this agency.

### A. Neighborhood parking sites

Revenues above \$938,000 into the Off Street Parking Fund.

### B. Rental/leases

These include Civic Center Auto Park, Marshall Square, Seventh and Harrison, and Vallejo Street which are on renewable short-term five year leases by the City to private operators.

### C. Garages financed through revenue bonds issued by "non-profit corporations"

These include Civic Center Plaza, Ellis-O'Farrell, Fifth and Mission, Golden Gateway, Japanese Cultural Center, Portsmouth Square and Sutter-Stockton. These facilities are leased by the City to the corporation for 50 years or until the debt is retired, whichever comes first. They are managed by private operators for the corporation. The average management fee is about \$10,000 although this

## PARKING AUTHORITY (continued)

fee is set individually for each facility. The operators let all contracts for maintenance, repairs, security and the like. Revenues, as aforesaid, are applied to debt retirement.

There are two exceptions to the three categories just outlined. St. Mary's Square Garage is neither bond financed nor short-term leased. Its contract was let before the requirement for 5 year leases was instituted. St. Mary's Square lease is for 50 years and is expected to expire in the year 2004. Revenues from this garage and the one at Union Square go to the Recreation & Park Department.

The parking lot business has been a profitable one for certain entrepreneurs and for the City. However, two recent trends may signal that it has grown big enough here. One is the encouragement of the development of mass transit, coupled with resistance to what has been called "Manhattanization". The other is increased questioning and scrutiny of revenue bonds issued by non profit corporations as instruments of financing City facilities.

The Parking Authority is essentially a management agency. Policy is set elsewhere.

This Committee commends the management skills of the Parking Authority, especially those of its staff, Arthur Becker, Helen Ellis and Joan Chan.

## RECREATION AND PARK DEPARTMENT

It is impossible to report on the Recreation and Park Department without mentioning the extraordinary diversity of activities and facilities it supervises. One hundred twenty neighborhood playgrounds, parks and squares; eleven swimming pools; Camp Mather in the Sierras; Candlestick Park and Kezar Stadium; five golf courses; the Yacht Harbor; a rifle range; Lake Merced boating and fishing; Coit Tower; Stern Grove; senior centers; the Junior Museum, and mini-parks are some that do not include the centerpiece, Golden Gate Park.

Correctly described as "world renowned", the 1,000 plus acre Golden Gate Park has the Japanese Tea Garden, de Young Museum, Academy of Sciences, Planetarium, Aquarium, Band Concourse, bike paths, bridle paths, horse stables, tennis courts, handball, horseshoe and bocci ball courts, picnic grounds, Stowe Lake, the Arboretum, the historic landmark Conservator of Flowers, Children's Playground and Zoo, and Fleishacker Zoo among stands of indigenous and rare flora.



## RECREATION AND PARK DEPARTMENT (continued)

In the last several years, in response to the changing demands of the San Francisco public, the Department has launched a number of new programs which will change the aspect of the City for some time to come.

### Proposition J - Open Space Acquisition and Renovation

Perhaps the most important new program is Proposition J, passed by the voters in 1974, setting up a fund to acquire open space and improve and develop new recreational facilities for the City. The fund is supported by an annual ten cent ad valorem tax levy for 15 years. Implementation will begin this fiscal year following guidelines set up by a 23 member Citizens' Advisory Committee appointed by the Mayor in June 1975, together with the City Planning and Recreation and Park Departments. Between June and December 1975, the Committee met twice monthly and held five public hearings to receive community input. They prepared recommendations for a) high-need neighborhood, b) hill tops, c) waterfront, d) renovation. They designated six high-need neighborhoods: Bayview-Hunters Point, Central City, Chinatown, Mission District, South of Market and Western Addition. The criteria they used to determine these included:

- A. Where do the greatest unmet needs now exist for recreational and open space sites?
- B. What are the areas of greatest population density?
- C. What requirements must be met for relocating existing residences or businesses?
- D. What is planned for the funded in the near future?

Ideally, according to the carefully prepared study, open space acquisition should have the first priority to save on costs and from private development, but for a number of complicated reasons this part of the program has had to be delayed.

In close cooperation with the Mayor's Office of Community Development, under the federally funded Block Grants Projects, a program of renovation of neighborhood oriented facilities has been worked out. Approved for 1976 are the following:

#### Renovate and Improve Existing Recreational Facilities (R & P)

Garfield Square	\$ 12,000
Potrero Hill Recreation Center	90,000



## RECREATION AND PARK DEPARTMENT (continued)

Rolph Playground and Recreation Center	\$ 212,500
Panhandle Playground	130,000
Cayuga Recreation Center	60,000
Little Hollywood	25,000
Chinese Recreation Center	25,000
Chinese Playground	34,500
Duboce Park (planning)	20,000
Folsom Playground	30,000
Total	<u>\$ 639,000</u>

These funds will be used primarily for new and replacement equipment at existing neighborhood centers and playgrounds. The activities will improve the quality and variety of recreational activities available to these neighborhoods. The projects were selected on the following bases: 1) priority to the renovation of existing facilities; 2) deferment of expenditures for new land acquisition pending completion of the Proposition "J" planning process; 3) priority to neighborhoods primarily composed of low and moderate income residents; 4) consideration for age, condition and past commitment of funds for each facility; and 5) consideration for the balancing of needs throughout the City and responding to neighborhood interest.

Proposed for 1977 are the following:

### PRIORITY I

#### A. Crocker Amazon Playground \$180,000

Construct recreation building. Widespread community support for this project exists as reflected in testimony in recent public hearings on the Community Development Program.

#### B. Duboce Park - Rehabilitation \$200,000

The sum of \$20,000 was provided in the 1976 program for planning work which is about to commence. The Department believes that an implied commitment to the neighborhood exists to improve this facility because of the planning grant.

#### C. Herz Playground \$ 50,000

Arson Repair and Building Improvement. Herz Playground immediately adjacent to the Sunnysdale Housing Project, is a key Recreation/Park facility.

## RECREATION AND PARK DEPARTMENT (continued)

Arson damage estimated at \$35,000 occurred May 30, 1976. In addition, this item proposes miscellaneous improvements requested by community organizations such as the All Peoples' Coalition.

- D. Mission Dolores Park \$ 70,000  
Improved Children's Play Apparatus Area
- E. North Beach Playground \$50,000  
Play Apparatus Improvements

### PRIORITY II

- A. Alamo Square - Renovation \$ 60,000
- B. Potrero Hill Recreation Center - Improvements to exterior recreation facilities \$ 50,000
- C. Portola Playground - Improvements to exterior recreation facilities \$ 50,000
- D. Excelsior Playground - Improved Childrens' Play Area \$ 40,000

### Master Plan for the San Francisco Zoo

Culminating a study that began in 1973, the Commission, in March of this year, adopted a statement of goals and objectives for the San Francisco Zoo that will constitute the master plan. New Director Saul L. Kitchener, working with architect and planner Joseph Eshrich will carry out the objectives. He has already begun a series of public meetings to explain the plans and get reactions. Mr. Kitchener, a specialist in primates, was assistant director and general curator at Lincoln Park Zoo in Chicago for eight years before coming to San Francisco in 1975. He is an author and researcher on the intelligence of the great apes, on the breeding of snow leopards and the colobus monkeys. He is active in the American Association of Zoological Parks and the American Society of Mammologists.

Major objectives, each of which has a series of policy statements accompanying it, are: Enhancement of Visitor Interest; Excellence through Specialization; Achieving Optimum Standards in Animal Care and Welfare; Meeting the Needs of the Future, and Research Opportunity.



## RECREATION AND PARK DEPARTMENT (continued)

What all this means, among other things, is that all chain link fences will come down. Exhibits will, when possible, use moats and other non-visual separation systems. Long green vistas will be developed for a park-like atmosphere and wind barriers will be installed. Animals will be grouped in naturalistic surroundings, and there will be fewer rather than more species, but in larger groupings in larger areas. The first phase would include a new entrance complex, cat complex, primate complex, wind berm and service core. The cost of this phase is estimated at \$8.7 million if construction can begin within a year. The planners state that no exhibits or facilities will be built in the southern expansion area until the Southwest Wastewater Treatment Plant is either constructed or known to be in phase with Zoo construction.

### Windmills

Park watchers with long memories will recall that the two historic windmills at the western end of Golden Gate Park at the Great Highway were allowed to fall into disrepair many years ago, and that in spite of periodic pleas from interested citizens somehow money to restore them never could be found. Finally, work will begin on the first windmill. Through the efforts of Eleanor Rossi Crabtree and her Save the Windmills Committee, private donors gave enough to pay for the materials and the labor will be provided by Seabees as a part of their training program under the supervision of Navy engineers.

### Martin Luther King Swimming Pool

Another soon to be completed project with a history is this swimming pool located on a hilltop in Hunters Point. Several years ago when a number of motion picture companies began using San Francisco as a locale, then Mayor Joseph Alioto, extracted a promise from one of them to help finance a City facility as a way of "showing its appreciation." The result was the construction of "King Pool", as it came to be called, in Hunters point where recreation facilities were scarcer at that time than they are now. The pool remained a center of controversy though. Parents complained that not enough safety precautions had been taken, that maintenance and security left something to be desired, and that, although the Hunters Point area has some of the best climate in town, the pool could only be used infrequently because it was not enclosed.

Then in September of 1974, two young boys climbed the not-very high chain link fence after dusk when the pool was unattended, with the intent of having a forbidden frolic. One of the boys drowned.



## RECREATION AND PARK DEPARTMENT (continued)

The parents' worst fears were realized. City Hall paid attention this time and the Board of Supervisors appropriated the \$550,000 in the 1975 budget to enclose and improve the pool. According to the Recreation and Park Department staff, the work is expected to be completed in October of this year.

### Sharon Building

In April 1974, the historic old Sharon Building in the Childrens' Zoo and Playground in Golden Gate Park was completely gutted by fire. It had been the scene of large numbers of celebrations and activities over the years for young children and was being used as headquarters for the Recreation Department's Arts and Crafts division. This year's plan include a budget request for \$115,000 to reconstruct the building.

### Koshland Park

Ground breaking ceremonies were held on June 23rd on the site at Page and Buchanan streets, given to the Department in honor of the 84th birthday of civic benefactor Daniel Koshland by his children. They have also made a gift of the necessary funds to develop the Western Addition site. Mr. Koshland was an early president of the Recreation and Park Commission.

### Commission

With the change in administration this year, came changes in the personnel of City commissions. First new appointment to Recreation and Park was Msgr. Peter G. Armstrong, who replaced C.R. "Bud" Johnson. Msgr. Armstrong is Director of the Catholic Youth Organization (CYO). In April, the new Mayor appointed Lidia Margarete La Garda and Amy Meyer to the Commission. They replaced Carmen Domingues and Frances McAteer, widow of the late State Senator. Ms. La Garda is director of educational programs for the Mexican-American Legal Defense and Education Fund in the City and has worked with La Raza Centro Legal. Ms. Meyer is active in a number of conservation causes, including the Golden Gate National Recreation Area, the Planning and Conservation League and the San Francisco Chapter of the Sierra Club. It is too early to assess the affect these new appointments will have. Eugene L. Friend remains as Commission President, along with Loris De Grazia, Tommy Harris and Lucien Sabella.

The Commission will be working with a 1976-77 budget of \$23,514,000 of which \$1,949,000 is Proposition "J" money. In order to proceed with a number of its high priority replacement and reconstruction

## RECREATION AND PARK DEPARTMENT (continued)

projects, the Commission will ask for \$541,000 from the Community Development Program. The Commission's staff is greatly relieved that the new administration seems to understand the significance of deferred maintenance, a focus of this Grand Jury's attention, and wants to correct the neglect. Revenues from fees and rentals of the Department's facilities usually bring in about one-tenth of the amount of the total budget. Gifts and donations usually average about \$250,000 a year.

Another effect of budget cutbacks will be the loss of 49 out of 895 permanent staff positions, but more serious is worry about the loss of 178 workers now employed under the federally funded Comprehensive Employment and Training Act (CETA). The program may end after January 31, 1977, and its demise would have a devastating effect on a wide range of City programs.

We cannot conclude this report without mentioning the following subject:

Aside from the sensibilities of the voters, the one part of the City's operations that suffered the most damage by the 38 day crafts workers' strike was the Recreation and Park Department. The itemized list below, supplied to us at our request by General Manager John Spring, illustrates this.

### DAMAGE INCURRED DURING STRIKE (See Note):

#### ZOO

1 Windshield smashed	\$	85	
Lost admission revenue		20,000	
Loss of rental from concessions		<u>525</u>	\$20,610

#### ARBORETUM

5 Quills destroyed	80	
2 Automatic watering systems damaged	50	
Damage to Director's car	355	
8 Locks stolen or jammed	64	
3 Tool sheds broken into - Tools stolen	150	
Fence damage	300	
50 Pots broken - plants destroyed	350	
10 Water hoses slashed	150	
Kiosk window broken	30	
Loss of rental revenue - Hall of Flowers	2,480	
Loss of bedding plants	507	
Weed control loss (1,500 man hours)	4,525	
Personal damages due to strike	Unknown	
Stolen Azaleas (2)	30	
Picket fence broken and		
8 potted plants smashed	<u>203</u>	9,134

RECREATION AND PARK DEPARTMENT (continued)

SWIMMING POOLS

Lost Revenues:

Balboa Pool	\$	388	
Coffman Pool		129	
Garfield Pool		469	
Hamilton Pool		182	
King Pool		8	
Larsen Pool		1,401	
North Beach Pool		329	
Rossi Pool		<u>779</u>	3,685

GOLF COURSES

80 Greens burned, browned, gouged and rutted		\$108,000	
Plugging damaged sections	8,000		
Seed and Seeding	12,000		
Sod and Sodding	35,000		
Sand and Dressing	6,000		
Fungicides, bait, controls and treating	18,000		
Fertilizer and Feeding	22,000		
Irrigation system repairs	5,000		
Extra Mowing and removal of long stalks	2,000		
Loss of Revenue		\$132,136	240,136

GOLDEN GATE PARK

25 Hydrants broken	375	
7 Hoses slashed	197	
15 Locks cut or jammed	<u>38</u>	610

ROSE GARDEN

Wole burned in Tool House	100
1 Power Mower stolen	400
1 Edger stolen	170
1 Sprayer stolen	25
6 Shovels stolen	47
10 Rakes	30
2 Cultivators	10
6 Hoses	111
6 Reducers	6
8 Quills	98
20 Soakers	73
1 Pop up key	2



## RECREATION AND PARK DEPARTMENT (continued)

1 Hammer	5	
2 Slugs	3	
2 Screw Drivers	4	
4 Saws	23	
2 Pitch Forks	18	
1 Street Broom	4	
1 Pipe Wrench	6	
2 Crescent Wrenches	8	
5 Shears	42	
1 Gas Can - 5 Gal.	<u>27</u>	1,212

### PARK PRESIDIO BLVD

1 Tool Box burned	100	
3 Hoses	85	
3 Quills	20	
4 Sprinklers	39	
4 Sprinklers stands	33	
2 Shears	17	
1 Street Broom	4	
3 Shovels	24	
1 Wheelbarrow stolen	<u>40</u>	
		<u>362</u>
		\$275,749

NOTE: It is impossible to determine the loss to damaged landscaping, flowers, plants, trees shrubs, etc.

### Conclusion

It is our opinion that this Department is moving in the direction of increased responsiveness to the needs and wishes of the people in the neighborhoods where its programs and facilities mean so much. The emphasis of past City administrations has been in other directions, but if the present trend can be sustained financially we believe there is hope for restoring San Francisco's reputation of being a city with one of the finest recreational systems anywhere.

Most of the criticism that we have heard seems to center around the Bureau of Park Engineers in the Department of Public Works. There have been a few negative observations about the Recreation Department's staff selection and assignment, but these are not significant, we believe.

Maurice L. Dickinson

William R. Shapiro

Mrs. Charlotte C. Poole, Chairman

COMMISSION ON AGING; DEPARTMENT OF SOCIAL SERVICES;  
HUMAN RIGHTS COMMISSION AND COMMISSION ON THE STATUS OF WOMEN

The Grand Jury's review of these human services agencies this year emphasized the Commission on Aging and the Department of Social Services. Brief comments on the other two agencies follow.

Human Rights Commission:

The HRC, lacking actual departmental responsibilities and authority, has nonetheless become a force in the community on behalf of affirmative action and fairness.

The Commissioners, extremely varied and energetic, are a forum and an advocate for racial, ethnic and sexual minorities. In San Francisco, where minorities are nearly a majority of the population, the HRC finds a large and vocal constituency. In general, it appears that the HRC has been a conduit for constructive activism on matters of affirmative action in hiring by the City, governmental procurement and contracts. The failure of the City and County to prepare and institute a full-scale affirmative action plan does not appear to be the fault of this Commission. Future City funding may someday be jeopardized by this failure, and certainly affirmative action is impaired by it. It would therefore not seem improper for the Commission to become a more insistent advocate for the creation of a full and enforceable affirmative action plan for the City and County.

It should be noted that one staff member who recently retired, Edith Witt, came to symbolize for many community groups and minority and low-income residents, the kind of devoted and forceful service that the Human Rights Commission should offer San Franciscans. Partly because of her work, and partly because the Commissioners are highly representative, the HRC does enjoy a degree of respect and appreciation in the community rare for a City agency. This is not to say that the HRC is not criticized, and sometimes rightly so, for debating more than acting, but given its limited power, this is an agency that appears to be doing its best.

Commission on the Status of Women:

Because the Commission was created only a year ago, the Jury was advised that little or no review should be attempted this year. It does appear to the Grand Jury that this Commission, like the HRC, a department with little authority beyond the weight of its pronouncements and the quality of its Commissioners' work, has made the most of an ambiguous position.

## COMMISSION ON AGING, ETC. (continued)

The Commissioners, whose meetings are among the liveliest and occasionally most acrimonious of any Commission, seem extremely competent and dedicated. The methods of the meetings, which include totally open exchanges among Commissioners, the many task force citizen members, and audiences, often lead to extremely prolonged philosophical debates and ideological wrangling. Despite this, and maybe because of the airing it offers to many highly-energized and well-informed activists, the Commission has been able to evaluate and comment upon programs, grievances and needs of women in San Francisco in a fairly effective manner.

One particular case, referred to the Jury by the Commission, demonstrated clearly that the thorough and persistent follow-through on a complaint handled by the Commission led the Civil Service Commission staff to extend themselves far more than they otherwise would have done on behalf of a woman who felt her rights had been abridged. This particular case, which the present Jury is referring to its successor Jury, concerns the sort of promotional, hiring and firing issues that require patience and research to resolve, both of which qualities were exhibited by the Commissioners assigned to the case.

The Grand Jury does wonder if one or more men, perhaps as many as three, might not be added to the Commission. This would undoubtedly be a controversial reform, and the Grand Jury has not undertaken a thorough community-wide survey to ascertain the desire for or problems with such a change. But it is our impression that men have served ably and with dedication on some of the task forces established by the Commission, and it might be that they should not be excluded automatically from the Commission itself. We urge the Commission to consider this recommendation and report their conclusions to the Mayor and the public.

### Commission on Aging and Department of Social Services:

The Grand Jury focused this year on problems of the elderly, among these four agencies' responsibilities. Reasons for this concern are apparent in a special statement issued separately.

A few general points about the two agencies are of additional concern to the Jury.

### Commission on the Aging:

The Commission has a membership that appears extremely concerned and knowledgeable about the many inter-related problems of the elderly. Several Commissioners appear to be militant advocates of the rights of the elderly, but others seem somewhat despairing of the possibility of change.



## COMMISSION ON AGING, ETC. (continued)

Under the direction of Patrick Magee, the COA has strengthened ties with community groups and local elderly centers. When Mr. Magee first arrived, he appeared to have had some difficulty adjusting to the incredibly pluralistic political forces in San Francisco in general, and among the elderly in particular. With the tutelage of a few community organizers who saw in Magee a potentially valuable and gifted ally for reform, the director was able to adapt his programs enough to assuage all but one or two of the most critical groups. Today, the COA subcontracts with a wide range of groups to serve the elderly in highly varied and extremely grass roots level settings, a network and approach that seems to be working. In the one remaining controversy about these subcontracts, the Jury is simply unable to establish whether the complaints are legitimate. Overall, the COA appears to be part of the leadership in a community coalition for improved conditions for the elderly in and out of institutions.

One of the best services offered by the COA is the referral pamphlet and program it is developing to make senior citizens aware of facilities and programs available to them, and to assist them in making use of these. The Jury commends the COA for its advocacy in this regard, but would encourage even more efforts at publicizing and distributing the information, as we find that there are many, many elderly who continue to be unaware of the programs, and even unaware of the COA itself. Increased use of the nutrition, transportation, legal and other assistance programs of the COA and City might ensue.

Finally, the Jury would advocate that future appointments to the COA include more persons willing to fight for the rights of the elderly. As knowledgeable and as compassionate as this Commission is, the Jury is convinced that the elderly in San Francisco could use a Commission more willing and able to do battle on their behalf--persons politically and personally able and willing to exert real and vigorous leadership to see that the isolation, deprivation and abuse of too many of our elderly citizens are reduced and then ended. There are on the Commission today several persons who fill that description. While a balance of thought and action should be maintained, it seems to us that a little more action would be appropriate.

### Department of Social Services:

It is hard to evaluate the new administration of the Department of Social Services under General Manager Edwin Sarsfield. It is apparent, however, that staff and community groups find that there is more communication and sympathy coming from DSS leadership than has been the case in the past.

Confronted with negative rulings on food stamp distribution, General Assistance reductions, and complex state involvement

## COMMISSION ON AGING, ETC. (continued)

and regulations, DSS is a morass of applications, compliance and officialdom. Utilizing outside and volunteer assistance from area universities, Sarsfield appears committed to reforming and rationalizing the bureaucracy. The Jury supports his efforts to do so.

A tragic and questionable consequence of the genuine fiscal problems facing the City has been the reduction of General Assistance by 50% in San Francisco. The Board of Supervisors seems intent on reducing "welfare" from \$7.8 million to \$3.9 million this year. It is not clear to the Jury that this is actually possible without visiting actual deprivation on legitimate recipients. It is clear that the books, the rules and the paperwork at DSS do not permit a real cleansing of the rolls. A more selective, phased-in reduction would seem more humane and more workable. Manager Sarsfield should, and he appears willing to, make a first priority out of reforming the paperwork behind the welfare mess, so that legitimate and precise roll-cleansing can begin. A City expenditure to reform the paperwork would be a worthwhile expense leading to a worthwhile and warranted savings through a reduction in cases. That reduction and not a reduction in payments to those who need the assistance, is what is needed.

Home care programs, and the DSS and the COA:

The Civil Grand Jury is impressed with the support given by the Commission on Aging and the Department of Social Services to programs for alternatives to institutionalization for the elderly in San Francisco. There are elderly persons whose condition does require placement in a nursing home or similar facility. We believe that conditions in these homes must be humane, safe and clean, and that staffing, fees and other procedures must be uniformly improved.

However, it is also true that many people are channelled into nursing homes by lack of alternatives. Public subsidies attach to the institution, not the person. For example, Medi-Cal will pay for 24-hour a day care, facilities, food and medication for an elderly indigent person in an institution (presumably on the premise that professional care is being rendered to a person who needs it in such a setting). But in fact many persons enter or are committed to such an institution by reluctant family or physician precisely to receive all the accompanying essentials to survival, because the patient can not afford them, and the government will pay for only limited services for them at home, or in any setting outside the institution. In San Francisco, under 1500 people receive any such assistance at all.

Therefore, with few exceptions, the government will provide assistance with dressing, going to the bathroom, eating, companionship, exercise, shopping, etc., only by providing all of these, and



COMMISSION ON AGING, ETC. (continued)

housing and staff care as well. So a whole plant is maintained, although many of the residents might well be able to live independent lives if they were only provided one, two or several of the many services contained in a nursing home.

Trapped in the nursing home, many people literally vegetate, others pray for release by death, and some survive with dignity, but isolated from reality and family or friends. An enormous industry has been built up around nursing homes and the provision of services to and within them. Abuses in that industry have been documented and resulted in criminal and civil convictions in other states.

San Francisco is fortunate to have several experimental programs for administering home care to the elderly. In an attempt to demonstrate the validity of alternatives to institutionalization as a means of deferring or avoiding institutionalization for many elderly (estimated by some experts to exceed one-third of the present nursing home population nationally), home chore assistance, some home care, meals and companionship programs, and shopping assistance are being provided to a group of elderly San Franciscans, whose rate of institutionalization, program costs, and mental and physical condition will be compared to a control group receiving no care. In conjunction with an excellent day care program at Mt. Zion Hospital, these services have been offered through five contractors to the Department of Social Services over the last five years.

While the programs have provided a laudable service, some problems with their administration have emerged. A State audit last year revealed that at least one (and possibly three) of the profit-making contractors was charging gifts, income tax, travel, unrelated business expenses, and political contributions into his cost basis.

Simultaneously, the City Purchaser, who sets the (few) local standards for such contracts, required that only one contractor administer the programs. The Purchaser, who knows nothing about these programs, but did have some advice from the Department of Social Services, selected a contractor, Homemaker Sojourner, which was mentioned critically in the State audit.

Under the City's Administrative Code, the new contractor can ignore the previous employees of these programs in staffing; also, should the new contractor hire previous employees, their accumulated seniority, wage levels and vacations can be abrogated.

Aside from human or local considerations in general, the situation is counter-productive in a way particularly galling to the Social Services Department. The staff for these homemaker chore programs are former clients of the Department; they are mostly black,



COMMISSION ON AGING, ETC. (continued)

mostly women, mostly former welfare recipients, who have been trained and are now holding homemaker jobs in these experimental elderly programs as a way to help others while pulling themselves up out of poverty. Their slowly-built up wage levels of \$3.50 are now facing reduction to the minimum wage, around \$2.20 per hour. This reduction moreover, will re-enact itself every year, under existing single-year contracts and regulations.

The Grand Jury, noting the introduction of an amendment by Supervisor Mendelsohn before the Board of Supervisors, supports his efforts to permit the establishment of a means to allow the retention of prevailing wage rates in circumstances such as these.

Had this amendment been in effect, higher wages paid by Home Health Service, a non-profit contractor highly commended by Commission on the Aging Executive Director Patrick Magee, and respected for its effectiveness by the Department of Social Services, might have been competitive.

The Department of Social Services, in an admirable retreat from empire-building, has asked the State, which sets the rules and administers the federal money for these programs, to come in and run them. Such a transfer of virtually non-existent authority from the City might lead the State to establish clear rules about funding and spending for these programs. The absence of such rules is the only reason why this City may escape the repayment of hundreds of thousands of dollars in erroneous claim payments in this area over the last few years. The Grand Jury hopes that San Francisco does in fact find that the failure by the State to provide good guidelines means we are not to blame for the waste of money. However, the abuse of public money must come to an end, and the State, which has the authority, must take the responsibility to establish guidelines and enforce them. Failure to do so jeopardizes the entire home care experiment and opens it to the wholesale abuse we fear in the nursing home industry that it should be partially replacing. An alternative is to give real authority for and total control over these programs to the City.

At present, the City sits in the middle, with some responsibility, no authority and without a Grand Jury authorized to investigate or a City agency that can control many of the abuses in the elderly care field. This is one example of federal funds leading a city into problems unforeseen when the lure of dollars is dangled.

While the Grand Jury has found State control an obstacle to our investigation in other aspects of care for the elderly, we prefer effective and real State control to muddled local involvement. Our investigations would be less necessary if the State were to do a good job. So long as the State "administers" the home chore

## COMMISSION ON AGING, ETC. (continued)

programs, and licenses nursing homes, we can only demand that the State do so with dispatch and honesty. We so demand.

A final problem is that, in the absence of clear State guidelines or local authority, the discretion on contracts available in the past to San Francisco Commissioners led to enormous pressure upon them.

The Grand Jury has heard charges, which we are seeking to substantiate, of pressures that have gone beyond politics. It is the feeling of the Department of Social Services and its Commission that the present environment for the elderly home care programs precludes effective and honest participation by the Commission.

The Grand Jury will attempt to determine whether improper or incompetent Commission management in the past, improper outside pressures or influence, or the failure of the State to provide meaningful guidelines was the greatest cause of the problem.

In summary, the Grand Jury:

1. Commends the Commission on Aging, its Executive Director, Patrick Magee; the Department of Social Services and its General Manager, Edwin Sarsfield, for their participation in and support of programs for alternatives to institutionalization of the elderly, particularly the homemaker and home chore experiments and the Mt. Zion elderly Day Care project. We call for more innovative projects such as these, noting the successful implementation of Foster Care, Emergency Shelter and Recreation Center for the Handicapped programs currently contracted for by the Department of Social Services.

2. Supports Supervisor Mendelsohn's Administrative Code amendment that would permit the payment of a prevailing wage in these programs for the elderly.

3. Supports the Department of Social Services and its Commission President, Herman Griffin, in its attempt to withdraw from a meaningless "management" of the elderly home chore programs. Local participation can proceed either in cooperation with a State program operating with clear State authority and guidelines, or completely independently of the State, but not in the present muddle.

4. Will continue to investigate the management and mismanagement of contracts in this area in the past, including disclosure of what, if any, pressures were exerted on or by members of the Social Services Commission or other public officers, or outside interests.

Elizabeth A. Carr

Jesse Lemus

William R. Shapiro, Chairman



## REGISTRAR OF VOTERS

The Registrar of Voters is responsible for the registration of voters and for the conduct of fair and impartial elections within the City and County of San Francisco. His functions are as follows:

1. Registration of voters - all citizens of the U.S.A. who have lived in the county for at least thirty days and are at least 18 years old by election day.
2. Dissemination of all sample ballots and handbooks to registered voters no less than ten days prior to the election.
3. Hiring and training approximately 4,000 temporary precinct election officials to supervise 935 polling places.
4. Negotiating to rent premises for use as polling places.
5. Storing, maintaining, programming, transporting and recommending the acquisition of voting machines and election materials.
6. Registering candidates for public office.
7. Conducting the election including counting and tabulating ballots.

In addition to these primary functions, the Registrar of Voters has been mandated additional duties under the San Francisco Campaign Disclosures Ordinance and the State Political Reform Act of 1974. This Act requires San Francisco to be the repository of all campaign statements in Northern California of candidates for national and state offices as well as local county offices.

### Voter Registration Procedures

The current procedure in registering is while interrogating the voter, the Affidavit of Registration is completed by a deputy registrar of voters; the affidavit is signed by the affiant upon taking an oath as to its authenticity, a voter's stub is detached at the bottom of the affidavit and given to the newly-registered voter.

No additional procedures are employed in order to verify (1) the voter's citizenship; (2) the voter's required residency of thirty days in the precinct, the county and the state; (3) or the



## REGISTRAR OF VOTERS (continued)

voter's age.

It appears to the Grand Jury that at least these three basic requirements so vital in the determination of legally registered voters, should be independently corroborated.

To prevent fraudulent claims of citizenship, a legally validated procedure should be devised to ascertain the citizenship of individuals at the time they register to vote. Proof of identification of citizenship could be along the same criteria as for application for a U.S. passport. Any discoveries of fraudulent claims of citizenship should be referred to the proper city and county and federal authorities for prosecution.

Prior to the June 8th primary election, the acting Registrar of Voters had addressed a letter to all voters which was printed in the Voter Information Handbook to the effect that according to several computer cross-checks nearly 15,000 persons (later decreased to 12,000) may have been illegally registered in San Francisco, while residing in the suburbs. Election officials at the polling places throughout the City and County challenged approximately 25% of these voters of which 3% were found to be non-residents and thus were not permitted to vote.

In May 1976, the State Senate passed two "reform" bills presented by Senator Milton Marks. The first bill passed by a 27 - 0 vote, seeks to clarify that residents of California may have only one "domicile" from which they can vote no matter how many "residences" they may have within the state. The second bill passed would change the method by which voters are removed from registration rolls if they fail to vote and move to another county. Instead of a registration "purge" occurring after the general elections, primary elections would also be included.

These two bills have been referred to the State Assembly for action with hearings to commence in August, 1976. The San Francisco County Grand Jury welcomes any legislation that strives to clarify any existing confusion in determining voters' eligibility.

Until 1975 deputy registrars, full-time civil servants of the Registrar's office, were authorized by the State Elections Code to train temporary volunteers who would be rendered the oath, and given authority to register eligible voters throughout San Francisco. This procedure apparently worked well enough, with minimal complaints as a result of their activities.

Several months before the June 1975 primary election, a radical and perhaps ill-advised procedure, fraught with danger of potential illegal voters, was initiated by Registrar of Voters Lawrence Leguennec at the request of Chief Administrative Officer Thomas Mellon and Virgil Elliott, Director of the Department of Finance and Records.

## REGISTRAR OF VOTERS (continued)

This radical procedure resulted in more than 2,500 missing affidavits of registration. Gibbs Brown, a young organizer for the AFL-CIO's Front Lash drive had been deputized had received 800 books (20,000 affidavits). He deputized several hundred individuals who proceeded to register new voters. Another volunteer deputy, Mike Mason, representing the San Francisco Democratic Central Committee, formed a group with a goal to register 100,000 voters. He then in turn deputized other individuals; Mason had received 2,900 books (72,500 affidavits).

The Grand Jury has been informed that this procedure has been discarded, and presently all volunteer deputy registrars must be given adequate orientation before they receive their oath and any affidavits for registering new voters. The present policy should assure the Registrar of Voters that the volunteer deputies are not only familiar with their responsibilities, but are also held accountable for affidavit books received.

In future elections, 95% of registrations will be handled by the "postcard method". It will not be necessary for each eligible citizen to appear at the Registrar's office. The Grand Jury feels that the number of fraudulent voters may increase as a result of inadequate verification of affidavits of registration.

### Absentee Ballots

In the June 1976 election approximately 15,000 voters cast absentee ballots (about 7 1/2% of total votes). It is expected that the absentee ballots cast will increase in future elections to as much as 10% or 25,000 of total votes cast.

It is contemplated that conversion to electronic data processing will greatly enhance the efficiency of this aspect by decreasing from ten to three distinct time-consuming clerical functions now required to process absentee ballots in determining and recording the validity of each absentee ballot cast. This procedure always has been carefully and meticulously checked in prior elections, being fraught with danger of fraud in the event of double voting, once by absentee ballot and again at the voter's precinct polling place.

Comparative Statistical Table  
1974-1975-1976

<u>Election Date</u>	<u>Registered Voters</u>	<u>Votes Cast</u>	<u>Percentage Voted</u>
June 4, 1974	350,380	198,508	56.6%
November 5, 1974	369,005	228,568	61.9%



## REGISTRAR OF VOTERS (continued)

### Comparative Statistical Table (continued)

November 4, 1975	296,505	215,559	72.7%
December 11, 1975	302,344	200,804	66.4%
*May 11, 1976	103,644	36,321	35.0%
June 8, 1976	311,254	208,884	67.1%

\*6th Senatorial District only

### Electronic Data Processing

During the past several years, the Registrar of Voters' office commenced to utilize the available capacity of the City and County's electronic data processing system by converting various tedious and time-consuming clerical procedures to automation.

A Voter Master File was developed and installed in the memory modules of the central computer located in the basement of the City Hall. As a result of this conversion the computer is able to render the following print-outs for use by the Registrar of Voters;

1. An Index to Register which classifies voters' names by precinct number and street name.
2. An Alpha Register which indicates alphabetically all registered voters' names for the entire county.
3. A Precinct Roster which reflects in alphabetical order all registered voters located within each precinct.
4. Mailing labels to be affixed to each registered voter's envelope for mailing election materials prior to each designated election.

The Registrar's Office has one full-time OCR (optical character recognition) electronic typewriter, and prior to each election leases several more of these specialized typewriters in order to type the required data from the new registrations, and also the changes of address. This data is fed into the computer by an optical scanner which updates the voters' rolls, and the computer then renders the print-outs.

In addition, only one computer terminal is available at the Registrar of Voters' office; in order to adequately serve the needs during the peak voting season, the Registrar's office requires eight



## REGISTRAR OF VOTERS (continued)

computer terminals in the opinion of the Chief of the EDP program.

In a conference with Henry Nanjo, Chief of the City and County's Electronic Data Processing Program, and Jay Patterson, acting Supervisor of Elections, the Grand Jury was informed that the computer has a capability of a more efficient and expeditious procedure and that is on-line updating of the City and County's voter registration roll as opposed to the optical scanner procedure. The on-line updating, a more sophisticated method, would mean that the computer would go directly to the line where, for example, the address would require a change from the old to the new and would insert a new address in correct sequence in the voter registration roll. This procedure is being studied and programming hopefully will be done in time for the forthcoming election.

### Voter Registration Fraud

San Francisco, during the tenure of the 1975-1976 Civil Grand Jury, has been through agonizing turmoil as a result of voter registration irregularities which have been highly publicized by all the media. In most instances, there was justification for such disturbing revelations of improprieties with one of our most fundamental democratic concepts--the right to vote.

Due to a recent history of conflicting opinions, by various City agencies, such as the Civil Service Commission, City Attorney, and Retirement System officials, a number of City employees, including department heads and even a recent Registrar of Voters, were advised that a San Francisco address was necessary in order to vote, in spite of the fact that many lived elsewhere in the surrounding hinterland. In addition to City employees, citizens of all walks of life were enmeshed--some innocently and some otherwise.

Former District Attorney John Ferdon had assigned Deputy District Attorney Albert Murray initially, who spearheaded the registration fraud inquiry. Before Ferdon left office, Murray had charged several individuals with criminal vote fraud. The Grand Jury conferred with Ferdon, and with incoming District Attorney Joseph Freitas; they indicated that both would vigorously pursue the criminal vote fraud inquiry in spite of budget constraints.

District Attorney Freitas appointed Timothy Stoen, a former deputy district attorney of Mendocino County, to his staff and assigned him the responsibility of prosecuting voter fraud investigations. Prosecutorial policy was formulated and based on the premise that only illegal voters who had voted at the November 4, 1975, or at a subsequent election would be investigated and charged before the Indictment Grand Jury.

At a recent conference with Prosecutor Stoen, the Civil

## REGISTRAR OF VOTERS (continued)

Grand Jury was given assurances that sincere efforts are undertaken in order to investigate a potential of 500 individual cases. The Grand Jury was informed that no exceptions are made as to the status of the individual; all potential violators are being treated equally before the law regardless of political considerations. According to the prosecutor, approximately fifty cases have been investigated and either have been referred to or are pending indictment by the Indictment Grand Jury. Nearly one-third of these cases have resulted in convictions by Superior Court Judge Walter Calcagno, who has placed each person on probation with 250 hours of community service, which works out to 8-hour Saturdays for seven months.

### Purging the Voting Roll

At the June 8, 1976 election, when the envelopes containing the sample ballot and the voter's information handbook were mailed to 311,254 registered voters, return postage was guaranteed by the Registrar of Voters. Approximately 50,000 envelopes had been returned undelivered; nearly 8,000 were addressed to voters who had in the 54-day interim period prior to the election changed their address, and 42,000 envelopes (14%) were returned indicating that the registered voter probably was not residing any longer at that designated address.

The staff, under the diligent guidance of former Supervisor of Elections, Hugh MacGuire, proceeded to detach the respective affidavits from the official affidavit binders. Beginning on June 16th, form letters with enclosed change of address cards were prepared and mailed out in response to the 42,000 returned envelopes.

As of July 26, 1976, the status is as follows:

Change of address cards received and presently being processed .....	5,800
Envelopes with the form letters and change of address cards returned unopened as undeliver- able .....	16,000
No responses received to date .....	<u>20,200</u>
	<u>42,000</u>

In the opinion of the acting Supervisor of Elections, approximately 30,000 registrations (10%) will be cancelled from the voting roll; returned envelopes are being received daily with an estimated 6,000 additional responses expected by September 1, 1976. At that time the Registrar of Voters will purge the voting roll, under Sec. 225 of the State Elections Code, in time for the forthcoming general election on November 2, 1976.



## REGISTRAR OF VOTERS (continued)

### Multilingual Election Program

One of the contributing factors which has imposed an onerous burden on the Registrar of Voter's office during the past year has been the mandatory provisions of the Federal Voting Rights Act Amendments of 1975 which requires in part that: "States and political subdivisions conduct elections and registration in the language of certain language minority groups as well as in English." A language minority group, as defined by the law is either American Indian, Asian American, Alaskan natives or Spanish heritage.

In San Francisco, language minority groups which are within the purview of this Act would be Spanish-heritage Americans, Chinese-Americans, Filipino-Americans, Japanese-Americans, Korean-Americans, Arab heritage-Americans, and perhaps American Indians. In order for these language groups to qualify, the U. S. Attorney General, in accordance with each decennial census must determine if at least 5% of the population resides within the City and County of San Francisco.

California's counterpart law, under Section 1611(c) of the Elections Code, requires the Registrar of Voters to make the determination. The law states, in part: "It is the intent of the Legislature that non-English speaking citizens like all other citizens should be encouraged to vote. Therefore, appropriate efforts should be made to minimize obstacles to voting by citizens who lack sufficient skill in English to vote without assistance."

Criteria in determining need for voting assistance is "approximately 3 percent or more of the voting age residents of a precinct." The Registrar of Voters shall make "reasonable efforts to recruit election officials who are fluent in the language." Recruitment is conducted through cooperating organizations, and by voluntarily-donated public service notices in the various media serving the non-English speaking citizens.

The State law unlike the Federal law does not mandate local jurisdictions to translate, print, and mail bulky election materials. The present system of distribution now used by the Registrar of Voters is ineffective, expensive and does not serve the purpose of providing the multilanguage materials to those who want and need them. Under the system now utilized it is possible that citizens in the future would be receiving in many instances unwanted election materials in a packet the size and weight of our telephone directory. The additional cost would sky-rocket to \$250,000.00 which, of course, would be borne by local taxpayers of all language backgrounds.



## REGISTRAR OF VOTERS (continued)

### Excessive Turn-over of Technically Proficient Personnel

During the past fiscal year the turnover in the Registrar of Voters office has been astounding, to wit: Lawrence Leguennec, who resigned on November 25, 1975, was charged with criminal vote fraud under Section 14403 of the State Elections Code. He had occupied the office for a brief seven months and served as a part-time Registrar, spending most of his time in the Recorder's office. Subsequent to Leguennec, the following acting Registrars serving for thirty days each consecutively were Frank Quinn, Chief Deputy Registrar, and Hugh Maguire who was Supervisor of Elections. Quinn and Maguire have since retired. On January 24, 1976, the staff management assistant, Jay Patterson, was appointed as acting Registrar and served until May 17th, when Thomas Kearney, a Water Department administrator, was permanently appointed Registrar of Voters from the Civil Service existing eligibility list.

The Grand Jury has conferred on various occasions with Kearney; although admittedly he is not familiar with many aspects of the Registrar's office, he has expressed a sincere desire to improve many functions of the office in order to achieve a higher level of efficiency. He is not new in City government, having held responsible positions in the Water Department, and with the Mayor's budget office. At 49 years of age, he will not be eligible for retirement for at least eleven years and hopefully can bring a measure of stability to the chaotic turnover in the Registrar of Voters' office.

Contributing factors which have adversely buffeted the Registrar's office were the excessive turn-over of higher echelon personnel coupled with the fact that technically proficient employees who could assume the responsibilities were virtually nonexistent. In order to maintain a high level of technical proficiency in the future, the three top positions--Registrar of Voters, Deputy Registrar of Voters and Supervisor of Elections--should be familiar with electronic data processing with its various applications to the Registrar's office; they should have several years experience in this technical field; and most important be familiar with all aspects of the State Political Reform Act of 1974, as incorporated in the Election and Government Codes, the provisions of both Federal and State multilingual voting laws, and the San Francisco Campaign Disclosures Ordinance.

REGISTRAR OF VOTERS (continued)

Comparative Annual Statements  
(Cash Basis)

	<u>1973-1974</u> (actual)	<u>1974-1975</u> (actual)	<u>1975-1976</u> Six Months (actual)
Revenue from:			
County Candidates' fees	\$ 11,132	6,019	21,484
Fines & Reproductions	9,320	23,267	22,493
Ad Valorem Taxes	<u>1,262,485</u>	<u>1,001,623</u>	<u>1,030,566</u>
	<u>\$1,282,937</u>	<u>\$1,030,909</u>	<u>\$1,074,543</u>
Expenditures for:			
Employees' Compensation	\$ 523,621	\$ 458,052	\$ 344,700
Fringe Benefits	41,072	42,623	25,879
Precinct Workers' Compensation	173,354	105,216	228,949
Delivery of Voting Machines	87,554	46,520	53,081
Supplies & Materials	7,347	3,421	3,860
Insurance	2,603	2,603	2,470
Equipment	771	955	-0-
Auto Expense - Reimb.	1,693	1,901	810
Advertising	28,791		5,772
Rental of Polling Places	34,369	17,355	30,973
Postage	87,388	80,504	120,103
Printing	158,332	130,678	214,441
Electronic Data Processing	118,576	121,058	34,726
Maintenance & Repairs	114	1,070	889
Other	<u>17,352</u>	<u>18,953</u>	<u>14,890</u>
	<u>\$1,282,937</u>	<u>\$1,030,909</u>	<u>\$1,074,543</u>

## REGISTRAR OF VOTERS (continued)

### Recommendations

#### The Grand Jury Recommends that:

1. The Civil Service Commission should upgrade the examination requirement for the positions of Registrar of Voters (1128), Chief Deputy Registrar of Voters (1130), and Elections Supervisor (1414) in order to assure this office of a higher caliber civil servant.
2. The training and oath rendering of all volunteer deputy registrars be conducted by the Supervisor of Elections in the Registrar of Voters' office in order to insure that volunteer deputies are qualified and responsible for their actions.
3. Additional procedures be adopted in order to verify (1) the voter's citizenship; (2) the voter's required residency of thirty days in the precinct, the county, and the state; and the voter's age.
4. Registration "purges" should be accomplished after each primary and general election as proposed in Senator Marks' bill which has been approved by the State Senate and is being deliberated in the State Assembly.
5. Efforts in cooperation with the City and County's electronic data processing unit be continued on an on-going basis to achieve further automation of the Registrar of Voters' office wherever feasible.
6. Conversion from the optical scanner to the on-line updating method be programmed in order to improve the quality of electronic data processing in the Registrar of Voters' office.
7. Return postage on the envelopes to the voters be guaranteed in order to insure that address changes, and deletion of deceased voters be accomplished as a result with minimal expenditure.
8. The Registrar of Voters be a full-time position so that he may be able to render his entire efforts and attention to that office. Serious consideration should be given by the Board of Supervisors toward combining the Recorder's Office with the County Clerk which prevails in many of the counties throughout the state.



REGISTRAR OF VOTERS (continued)

9. The City and County stop the wasteful distribution of multilingual voting materials. The Registrar of Voters devise a system to solicit requests from language minority groups so they may receive the needed translated materials pursuant to the 1975 amendments of the Federal Voting Rights Act. Community group input may facilitate the devising of a more effective system. Free media public service time could also be utilized to inform the public that these materials are available. The Voting Rights Act be amended to provide for federal funding of preparation and distribution of multilingual voting materials mandated by the Act.
10. The District Attorney should continue to diligently prosecute all alleged voter fraud violations in accordance with his enunciated policy. All violators should be treated equally before the law regardless of stature in the community.

Harold S. Dobbs

Alan H. Nichols

Spiron J. Tentes, Chairman

## DEPARTMENT OF FINANCE AND RECORDS

### DEPARTMENT OF AGRICULTURE AND WEIGHTS AND MEASURES

The City and County of San Francisco's Department of Agriculture and Sealer of Weights and Measures is composed of three units:

1. Agricultural Commissioner
2. Farmers' Market
3. Sealer of Weights and Measures

#### AGRICULTURAL COMMISSIONER

##### Responsibilities and Functions

The general purposes and responsibilities of this department have been mandated by the State of California, and are performed under the technical supervision of the State Director of Food and Agriculture.

The three principal responsibilities are:

1. To promote and protect the agricultural industry.
2. To protect and benefit the grower, the consumer, and the environment by enforcing the provisions of the Agricultural Code.
3. Within the parameter of delegated authority, the County Agricultural Commissioner is responsible for promoting and protecting the health and welfare of our citizens.

The first two responsibilities enumerated above are not as significant insofar as our metropolitan county is concerned, however, the third responsibility is vital to the consuming citizenry of various agricultural products imported into the county, and in regard to this function the Agricultural Commissioner and his staff of a Deputy Agricultural Commissioner, five Agricultural Inspectors, and a senior clerk-stenographer devote 90% of their efforts.

The actual functions of the Commissioner are:

## AGRICULTURAL COMMISSIONER (continued)

1. Plant quarantine - all incoming shipments of nursery stock, plants, and plant products including fruit, seed, and grain are required to be held for inspection upon first arrival in the City and County. These inspections are necessary in order to prevent the entry of communicable plant diseases, insects, noxious weeds or seeds, which may be detrimental to our State's agriculture. The Post Office, air, bus, and rail terminals and commercial trucking concerns are visited as frequently as daily whenever it is necessary to conduct this type of inspection. In addition, periodic inspections are made at 163 nurseries, 112 seed dealers, and 6 apiaries throughout San Francisco.

2. Standardization - this function relates to the inspection of fruit, nuts, vegetables, eggs, and honey at wholesale produce terminals and at retail stores, in order to insure the enforcement of the standards governing quality, picking, and marketing of these products.

3. Export certification is an inspection function performed on fruits and vegetables before shipment to foreign countries. It is done essentially in order to insure that plant quarantine and standardization requirements are met. Fees charged for this service, which is the only revenue-producing activity of the Agricultural Commissioner, range from \$3.00 to \$25.00 depending on the number of units in a shipment. Inspection fees are borne by the shipper.

4. Pest detection surveys are important for determining the possible presence of new and dangerous agricultural or garden-type pests, such as fruit flies, Japanese beetles, and gypsy moths. If these pests can be detected before they become widely distributed, the possibility of eradication is much greater.

The "residential grid detection" survey is commonly used in discovering these pests before they become entrenched in an area, by usually thoroughly checking a block at every one-half mile interval and setting insect traps.



AGRICULTURAL COMMISSIONER (continued)

Revenue and Expenditures  
Comparative Annual Statements  
(Cash Basis)

	<u>1973-1974</u> (actual)	<u>1974-1975</u> (actual)	<u>1975-1976</u> (estimated)*
Revenue from:			
Inspection fees	\$ 5,155	\$ 4,074	\$ 4,076*
State Sub-ventions	37,094	33,698	42,574
Ad Valorem Taxes	<u>92,550</u>	<u>103,681</u>	<u>89,854</u>
	<u>\$ 134,799</u>	<u>\$ 141,453</u>	<u>\$ 136,504</u>
Expenditures for:			
Employees compensation	\$ 113,787	\$ 111,257	\$ 106,626
Fringe benefits	17,099	24,818	24,854
Contractual services	2,225	2,567	2,384
Supplies	423	609	475
Auto expenses - reimb.	<u>1,265</u>	<u>2,202</u>	<u>2,165</u>
	<u>\$ 134,799</u>	<u>\$ 141,453</u>	<u>\$ 136,504</u>

SEALER OF WEIGHTS AND MEASURES

Responsibilities and Functions

The Sealer of Weights and Measures of the City and County of San Francisco, as mandated by State law under both the Business & Profession and Administrative Codes, is responsible for the enforcement of those statutes pertaining to various specifications as to the accuracy of weights and measures as affecting the consumer.

The primary functions of the Sealer, who is assisted by a staff of one senior inspector, five inspectors, and one clerk-typist, is to ascertain the accuracy of commercially-used weighing and measuring devices at both the retail and wholesale level to determine if the quality of petroleum products conform to State specifications; to insure by testing that the consumer receives true value of a weight or measure as represented by the seller; he determines if manufacturers are in compliance with federal packaging and labeling laws.

## SEALER OF WEIGHTS AND MEASURES (continued)

### Types of Inspection Services Rendered

#### 1. Scales

- a. Railway track - for freight cars
- b. Monorail - for wholesale and retail butchers
- c. Counter - spring, computing, and prescription scales
- d. Specialized scales
  - 1) Platform and Dormant
  - 2) Vehicle
  - 3) Hopper and Tank

2. Weighmasters - approximately 25 to 30 independent weighmasters are inspected in order to ascertain if the scales are accurate, and also certificates issued by the weighmaster are reviewed.

3. Petroleum equipment - this function pertains to the inspection of equipment used by firms that sell petroleum products such as motor fuel, motor oils and lubricants; gasoline pumps are excepted since they are considered a measuring device.

4. Package inspection - this function includes the inspection of packages, containers, or amounts of commodities sold, or in the process of being delivered, in order to determine whether they contain the quantity or amount stated and whether they are properly labeled.

5. Measuring devices inspected are:

- a. Retail gas pumps
- b. Grease (oil) meters
- c. Yardage meters
- d. Vehicle meters
- e. Taxi meters
- f. Liquified gas meters
- g. Liquid meters

SEALER OF WEIGHTS AND MEASURES (continued)

Measuring and Weighing Devices  
Comparative Table

<u>Category</u>	<u>1974-1975</u>		<u>1975-1976</u>	
	Inspections % Not Total Acceptable		Inspections % Not Total Acceptable	
<u>Measuring Devices</u>				
Retail Meters	5,150	14.43	2,110	16.78
Taxi Meters	497	23.14	522	42.91
Liquid Measures	153	3.06	94	6.38
Grease and Lube Oil Meters	225	19.11	92	4.35
<u>Weighing Devices</u>				
Computing	3,800	21.84	5,120	18.85
Counter	1,221	22.60	781	22.15
Prescription Weights	3,267	1.71	3,024	.03
Portable Platform and Person Weighers	1,398	21.75	1,131	24.23

As indicated in the foregoing table, taxi meter inspections disclose an alarming increase of irregularities. During fiscal 1975-1976 the percentage of taxi meters inspected which were either out of order, or not performing accurately, has nearly doubled as compared to fiscal 1974-1975. In other principal categories, percentage increases are either slightly upward or downward. The Sealer of Weights and Measures attributes these increases to insufficient inspection staff whereby he can accomplish his mission toward maintaining a minimal percentage of irregularities.

Electric Sub-meters

There are approximately 20,000 electric sub-meters situated primarily in apartment houses, housing developments, and office buildings throughout San Francisco. These sub-meters record the amount of electricity used by individual tenants in multi-unit buildings. Master meters are used in many buildings in San Francisco, such as the Northpoint Apartments (514 units), the Octavia Apartments



## SEALER OF WEIGHTS AND MEASURES (continued)

(54 units), the Fox Plaza Building, and the Martin Luther Towers. In these buildings, sub-meters are used for the resale of electric power to tenants. Master meters are under the purview of the State Public Utilities Commission, while sub-meters are under the jurisdiction of the State Department of Food and Agriculture.

In a survey conducted by the Division of Measurement Standards of the State Department of Food and Agriculture in San Francisco, it was found that many of these sub-meters were undersized, improperly wired and installed on incorrect voltages. Discrepancies of this type result in incorrect charges to consumers, as well as being potential safety hazards. In accordance with Section 12210 of the Business & Professions Code, local jurisdictions are required to inspect these sub-meters. The State Attorney General has also issued a ruling clearly interpreting this section of the statute that the County Sealer of Weights and Measures has a duty to inspect sub-meters. The State Department of Agriculture has repeatedly notified the City and County regarding its procrastination. City officials have not responded.

The Grand Jury has been informed that a communication was directed to Mayor Alioto in June 1975 from the State Department of Agriculture with information copies sent to the President of the Board of Supervisors, the Chief Administrative Officer, and to the Director of Finance and Records. Apparently, none of these City officials have responded. Several weeks ago, the Coordinator of Weights and Measures activities for northern California of the State Department of Agriculture, during a visitation here, again indicated great concern.

### Comparative Annual Budgets

	<u>1973-1974</u> (actual)	<u>1974-1975</u> (actual)	<u>1975-1976</u> (estimated)
Revenue from:			
Ad Valorem Taxes	\$ <u>88,576</u>	\$ <u>115,338</u>	\$ <u>118,661</u>
Expenditures for:			
Salaries	\$ 68,669	\$ 89,481	\$ 91,474
Fringe Benefits	11,712	18,590	21,502
Contractual Services	844	886	1,078
Auto Expenses-Reimb.	2,620	3,750	2,027
Supplies	2,103	2,497	2,580
Equipment	<u>2,628</u>	<u>134</u>	
	\$ <u>88,576</u>	\$ <u>115,338</u>	\$ <u>118,661</u>

## SEALER OF WEIGHTS AND MEASURES (continued)

### Recommendation

The Grand Jury strongly urges the Mayor and the Board of Supervisors to act promptly in order to remedy this apparent violation of Section 12210 of the State Business and Profession Code in not performing an adequate inspection service of the electric sub-meters throughout the City and County. By continuing to neglect this function annually, perhaps, thousands of dollars could erroneously be paid by our citizens because of faulty sub-meter readings.

### TAX COLLECTOR Introductory

The Tax Collector of the City and County of San Francisco is responsible for administering and collecting all local taxes, license fees, and delinquent taxes including statutory penalties and accrued interest.

The department is comprised of seven divisions which are as follows: Real Estate, License, Business Taxes, Parking Meter, Delinquent Revenue, Investigations and Cashier's.

### Real Estate Division

The efficiency of this division has been enhanced considerably since the conversion of property tax collections and accounting to electronic data processing. The revenue is collected during two peak periods; during December 1st to 10th, nearly \$270 million was collected and during April 1st to 10th, approximately \$306 million was received. The Grand Jury was informed that nearly \$40,000 in interest is lost annually due to delays in the accounting process whereby funds are not available for deposit for at least ten to fifteen days.

It was gratifying to be informed that in regard to the percentage of delinquencies for the secured tax roll, San Francisco ranked third lowest in the State.

Figures available for 1974-1975 are as follows: Total secured taxes, approximately \$273 million; amount of delinquency nearly \$3 million or a percentage of 1.09%; the percentage for fiscal 1973-1974 was .95%, and for fiscal 1975-1976 it is approximately 1.33%.

On unsecured property taxes, the delinquency percentage rate of 4.12% for fiscal 1973-1974 dropped to 3.02% in fiscal 1974-1975, and to an estimated 3.2% for fiscal 1975-1976.



## TAX COLLECTOR (continued)

### License Division

During the past three fiscal years, revenue from license fees have been increasing as indicated in the Comparative Annual Statements. A portion of this upward trend is attributable to the increase of the Food Preparation and Service license fee and to the relatively new Street Artists' license fees which are growing in volume. However, the collection function of the latter has been transferred to the Art Commission as of January 1, 1976.

### Business Taxes Division

The various types of taxes administered and collected are:

	<u>1975-1976</u>
Gross Receipts	\$ 4,351,111
Payroll	30,502,187
Parking	3,130,959
Utility	12,279,330
Stadium Operator Admissions	<u>429,268</u>
	<u>\$ 50,692,855</u>

The delinquency rate appears to be a small percentage of the total dollar receipts; the parking tax is nearly 3%; and the utility tax is less than 1%. Vigorous efforts by the various divisions within the Tax Collector's Office has prevented the delinquency rate from rising, especially during recent periods of business recession.

### Parking Meter Division

The functions of this division is to collect, sort, count, and prepare for deposit all coins received in the 15,360 parking meters throughout the City and County. Meters situated in the Port and at the airport areas are handled by other City Departments. Approximately 1/3rd of the parking meters have the 25¢ head; the remaining 2/3rd retain the 10¢ head.

Revenue from parking meters during the fiscal year decreased about \$100,000 in comparison to last year. According to the Tax Collector, this is principally attributable to the recent city-wide



## TAX COLLECTOR (continued)

strike whereby the Mayor had suspended parking meter collections in the downtown business area.

### Delinquent Revenue Division

All uncollectible accounts, principally from the Departments of Public Health and Public Works, are transferred here for further collection action.

After all collection efforts are exhausted, then this division resorts to court actions, in the Small Claims Court, Municipal Court, and occasionally the Superior Court.

A total of 9,855 accounts were transferred from other Departments during 1974-1975 and during 1975-1976, an additional 13,535 accounts have been transferred. Vigorous collection action taken on these accounts has disposed approximately two-thirds of the accounts. On June 30, 1976, 7,891 delinquent accounts were still outstanding.

### Investigation Division

This division services delinquent accounts from the Delinquent Revenue, Business Taxes, and License Division within the Tax Collector's office.

Its principal function is to conduct field investigations in connection with the collection of delinquent accounts and to effect compliance with the applicable ordinances.

The status of the delinquent accounts cumulatively as of each year-end is as follows:

<u>Accounts</u>	<u>1973-1974</u>	<u>1974-1975</u>	<u>1975-1976</u>
Open	26,232	26,988	30,677
Closed	9,164	10,176	13,543
Outstanding	17,068	16,812	17,134

### Cashier's Division

The Cashier and his assistants receive the remittances for payment of the various taxes either by mail or over the counter. This

## TAX COLLECTOR (continued)

division handles the actual processing of remittances by opening the mail, recording the receipts, and transferring the funds to the County Treasurer for deposit. Portions of this accounting function has been converted to electronic data processing; however, certain phases should be expedited in order to reduce the time period between actual receipt to deposit.

### Recommendations

Grand Jury recommends that:

1. Action be taken to expedite the present unsatisfactory procedure of handling secured and unsecured property tax collections with a time lag of ten to fifteen days so funds can be deposited with authorized depositories within five days. The Grand Jury was informed that this procedure would increase interest revenue earned on deposited funds by at least \$40,000.00.
2. Further consideration, upon appropriate studies, be given to computerizing other functions of the Tax Collector's office wherever feasible and practicable. Some studies have been initiated by the Tax Collector.
3. Record retention policy should be reviewed in the light of utilizing microfiche and microfilm techniques for irreplaceable records. In conjunction, microfilming and storing at the Western States Atomic Storage Vaults in Santa Cruz County should be considered, particularly in the event of a major disaster.
4. Even though we recognize it is imperative that we maintain tight budget control, an increase in audit and compliance staff in the Delinquent Revenue Division should more than pay for itself. This program if increased, should be closely monitored.
5. The Mayor and the Board of Supervisors should investigate the possibility of combining activities of the Tax Collector and County Treasurer, in order to create maximum efficiency and reduce total costs of these functions.

TAX COLLECTOR (continued)

Comparative Annual Statements  
(Accrual Basis)

	<u>1973-1974</u> (actual)	<u>1974-1975</u> (actual)	<u>1975-1976</u> (estimated)
Revenue from:			
Business Taxes	\$ 40,023,209	\$ 43,553,803	\$ 50,692,855
Licenses	8,303,307	9,234,474	10,543,137
Parking Meters	2,057,237	2,421,621	2,319,760
Delinquent Revenue	<u>907,752</u>	<u>1,165,010</u>	<u>1,158,218</u>
	\$ <u>51,291,505</u>	\$ <u>56,374,908</u>	\$ <u>64,713,970</u>
Expenditures for:			
Salaries	\$ 1,339,820	\$ 1,403,413	\$ 1,594,146
Fringe Benefits	203,500	288,689	298,390
Supplies	30,434	39,840	34,477
Printing & Advertising	18,000	21,000	21,000
Postage	52,000	72,000	70,000
Telephone	8,200	7,300	7,300
Automobiles	2,832	5,239	4,450
Equipment	8,249		
Interdepartmental Services	198,623	206,874	235,472
Other	<u>30,220</u>	<u>33,888</u>	<u>31,727</u>
	\$ <u>1,891,878</u>	\$ <u>2,078,243</u>	\$ <u>2,296,962</u>
CONTRIBUTION TO GENERAL FUND	\$ <u>49,399,627</u>	\$ <u>54,296,665</u>	\$ <u>62,417,008</u>



## FARMERS' MARKET

### History

A valued institution in the City's life, the Farmers' Market had its beginning in a wartime crisis in 1943. Canneries in Marin, Sonoma, and Napa counties were compelled to cancel plans to preserve pears. The situation developing first in Marin County, was publicized in San Francisco newspapers and was solved by San Francisco housewives going to the orchards to get the fruit for home canning. Sonoma and Napa counties were a little too far from the City for home canners because of strict gasoline rationing, so farmers offered to bring their fruit to the City. Through the cooperation of City officials, the war-time victory garden council, and the owners of a vacant lot at Market Street and Duboce Avenue, arrangements were made and publicity given the enterprise. The first load of pears arrived on August 12, 1943, and was quickly followed by other trucks loaded with apples then other fruit and vegetables.

On August 1, 1944, the City and County of San Francisco assumed control and three years later under Municipal Ordinance No. 3758 transferred the Market to its present location near Bayshore and Alemany Boulevards. It is managed by Mr. William Berner, Manager, under the general supervision of the County Agricultural Commissioner, Mr. Raymond L. Bozzini, who reports to the Chief Administrative Officer through the Director of Finance and Records.

### Operations

The Farmers' Market operates Tuesday through Saturday from 7 AM to 6 PM, and has done so for the past 33 years with the exception of four months in the spring of 1951 when the new market was under construction. During the peak production season, the number of farmers using the Market varies from 40 to 50 on Tuesdays to a high of 120 on Saturdays. They come from 41 counties ranging from Mendocino in the north to Riverside in the south.

Peddlers are not permitted to sell at the Market nor are any resales of any kind permitted. Principal commodities offered at the Market are, depending on the season, cauliflower, cabbage, carrots, corn, chicory, chard, lettuce, potatoes, squash, onions, garlic, tomatoes, peas, brocolli, olives, finocchio, zucchini, apples, apricots, grapefruit, oranges, nectarines, plums, pears, lemons, melons, and all varieties of grapes and berries. Only fresh fruit and vegetable, dried fruits in unbroken packages, nuts and honey are permitted to be sold at the Market.

## FARMERS' MARKET (continued)

### Revenue

The City and County policy as set forth in the Ordinance has been to operate the Market on the principle that stall fees and tonnage fees charged the growers shall be sufficient to pay the operating and maintenance costs of the Market and within a reasonable time to liquidate all capital expenditures.

Daily stall rental fees in effect since 1970 are on a sliding scale basis from \$1.50 on Tuesday to \$4.00 on Saturday. Minimal entrance tonnage fees are also charged. Fees are collected on a daily basis by the Market Manager; it has proven expedient to handle collections in this manner. A senior clerk-typist assists the manager by maintaining the records for the cash receipts, and handles all correspondence and clerical duties.

Due to inclement weather conditions during the past several years, with a concomitant decrease in the supply of crops offered at the Market and also because of a decrease in the small farm population in the hinterland, gross revenue at the Farmers' Market has been decreasing steadily from \$60,374 during fiscal year 1972-1973 to an estimated \$54,000 for fiscal year 1975-1976 (actual of \$49,633 for eleven months ended May 31, 1976).

A rate increase effective July 1, 1976, from \$2.00 on Tuesday to \$6.00 on Saturday (sliding scale basis) hopefully will remedy the downward trend.

### Deferred Maintenance

All necessary repairs and maintenance at the Farmers' Market are undertaken on a current basis. The only maintenance or improvements which have been deferred as of this date because of the City and County's stringent economy practices and are not considered high priority or of urgent necessity are:

1. Interior painting of the Administration building - estimated cost, \$1,000.00.
2. Traffic control barriers - post holes and removable posts to maintain orderly traffic flow in the Market area - estimated cost, \$2,200.00.
3. Rechannellization of traffic lanes to permit easier egress from the Market - estimated cost: undetermined.



## FARMERS' MARKET (continued)

### Recommendations

Municipal Ordinance No. 3758 states, to wit: "The Chief Administrative Officer is hereby authorized to establish in the City and County of San Francisco, a Farmers' Market and to maintain the same and to direct the operation of said Market for the sale of surplus and distressed fresh fruits, vegetables, etc....." In view of the Inapplicability of three words "surplus and distressed", the Grand Jury recommends that appropriate legislative action be taken by the Board of Supervisors in order to delete these words, since the scope of the Farmers' Market has changed in the ensuing years since World War II.

The Grand Jury further recommends that an economic and social feasibility study of the Farmers' Market be undertaken by the Board of Supervisors in order to determine its usefulness, particularly, since revenue has been declining.

Two possible alternatives in regard to the Market's future are:

1. The Market occupies an area of approximately four acres (173,000 sq. ft.). In the event that the Market is dissolved, and the land is sold to private enterprise, perhaps for light industrial development, the City and County could eventually realize estimated ad valorem tax revenue of \$100,000.00.
2. The Market could continue to function as it has and consideration be given to developing other sources of revenue, such as introducing profitable concessions which would be compatible and would complement the Market.

### COUNTY CLERK

#### Introductory

The principal functions of the County Clerk are to receive, record, file and retrieve legal documents for the Superior Court of the City and County of San Francisco. These documents also serve the needs of plaintiffs, defendants, attorneys, and the general public.

Indices, maintained in handwritten books of record with the exception of the criminal index which has been computerized, are:



## COUNTY CLERK (continued)

1. Corporation Index
2. Partnerships and Fictitious Names Index
3. Notaries Public Index
4. Civil Index
5. Probate Index
6. Adoptions Index
7. Appellate Index
8. Marriage Licenses Index
9. Criminal Index

After the various legal documents are received and stamped filed by a deputy clerk at each of the respective divisions, the documents are indexed and registered; subsequently, they are filed permanently as official records. The file folders are physically stored on the premises for approximately nine years depending on the availability of storage space; ultimately, the files are transferred to the Records Center for potential future use.

### Document Filing Delays

Criticism had been directed at the County Clerk's office principally by members of the judiciary and attorneys; either file folders or specific documents not in the folders were unavailable upon request. Suffice it to say, that these inconveniences had created delays in the expeditious handling of their respective cases.

The Grand Jury inspected the County Clerk's premises on three separate occasions during the fiscal year. On our first visit in November 1975, large numbers of documents were observed batched in cardboard boxes located on the floor, on desk tops, and on file cabinets. In some instances, documents were found that had been received several months prior to our visitation. This condition was particularly true of the Civil division, and to a lesser extent for the Probate division.

Several months later improvement was noted, and again on our third visit during June 1976, substantial progress was shown. It was found that the Civil division filings were only three to four days in arrears, while the Probate division filings were no more than two days.

### Fee Remittances

Remittances, particularly in the Civil division, which are received daily are improperly processed. Instead of listing the actual receipt of the remittances, and depositing daily, the envelopes are opened and the remittances are temporarily kept with the legal documents until processed for filing. This practice violates the concept of good internal control of funds received, and also enhances the possibility of loss, destruction, or theft.

COUNTY CLERK (continued)

This undesirable procedure was discussed with both the County Clerk and the Assistant County Clerk who have promised corrective action.

Documents Filed  
Pertaining to Superior Court Proceedings

	Comparative Table		
	1973-1974 (actual)	1974-1975 (actual)	1975-1976 (estimated)
Civil Actions and Petitions	14,561	15,284	16,425
Probate Petitions	3,603	3,511	3,375
Criminal Actions	2,803	2,065	2,100
Marriage Licenses Issued	5,947	6,251	6,000
Other Filings	<u>2,992</u>	<u>2,785</u>	<u>3,000</u>
	<u>29,906</u>	<u>29,896</u>	<u>30,900</u>

Efficient Use of Courtroom Clerks

During our investigation of the County Clerk's office, it became apparent that the individual Courtroom Clerks of the Civil Departments of the Superior Court are required to provide assistance and help to the County Clerk during the early morning hours before their respective Courts convene and later during the regularly scheduled hours if a particular Court is adjourned or for some reason is not in session. Unfortunately, the evidence supplied by the County Clerk with respect to cooperation is less than satisfactory. The individual Courtroom Clerks, with some exceptions, find excuses from time to time for failing to be present in the early morning hours and more often later in the day when the Court is adjourned or not in session.

It would appear to us from our investigation that more help, assistance and cooperation by the individual Superior Court Judges is the only way that the County Clerk can count on obtaining more personnel on a daily basis to tackle the continuing heavy workload of the Department. However, we make no recommendation with respect to additional employment because of stringent budget constraints. Each Department must do a better job with the help available to it and in this case obviously there are more bodies that can work more hours if the individual Judges insist that their Clerk report to the County Clerk after their duties are completed on any particular day.

COUNTY CLERK (continued)

Comparative Annual Statements  
(Accrual Basis)

	<u>1973-1974</u> (actual)	<u>1974-1975</u> (actual)	<u>1975-1976</u> (estimated)
Revenue from:			
Fees:			
Civil Division	\$ 380,443	\$ 493,945	\$ 475,000
Probate Division	112,742	128,311	135,000
Marriage Licenses	35,662	37,506	38,000
Professional Registrations	374	292	300
Ad Valorem Taxes	<u>479,211</u>	<u>424,564</u>	<u>443,979</u>
	<u>\$1,008,432</u>	<u>\$1,084,618</u>	<u>\$1,092,279</u>
Expenditures for:			
Employees' Compensation	\$ 944,155	\$ 994,120	\$ 986,535
Fringe benefits	38,798	56,725	54,526
Supplies	15,108	22,044	35,438
Telephone	1,989	2,119	2,902
Postage	7,159	8,860	11,366
Maintenance and Repairs	<u>1,223</u>	<u>750</u>	<u>1,512</u>
	<u>\$1,008,432</u>	<u>\$1,084,618</u>	<u>\$1,092,279</u>

Recommendations

Based on the observations conducted, the Grand Jury recommends:

1. The document flow procedure - from receiving to filing - requires further improvement. A better organization of the file section would eliminate many complaints and would improve the efficiency for the user of the filed documents - whether it be the Court or the public.

A supervisor should be selected from one of the law clerks who is familiar with the documents processed; specific clerks should be designated and held responsible for certain blocks of file drawers. All incoming documentation should be processed and filed within twenty-four hours.

2. All remittances received should be detached from their respective documents, listed in detail, and case number designated thereon. Upon reconciliation they should then be deposited daily.



## COUNTY CLERK (continued)

3. Serious consideration should be given to limit the office hours of the County Clerk from 8:30 AM to 5:00 PM instead of 8:00 AM to 5:00 PM. The essential half hour gained could be utilized to process the incoming mail with the assistance of the available counter clerks. Perhaps, in this way the backlog can be eliminated, so that all processing be accomplished within one day.

4. An appropriate reproducing machine (Xerox) be acquired and installed in the County Clerk's office for public use. This will save staff personnel time as well as generate some additional revenue to offset any costs attributable to rendering such services.

5. The indexes, particularly the Civil and the Probate which are recorded manually should be converted as soon as practicable to electronic data processing; perhaps, the registers of actions should be included. According to the CAO's Operations Analysis unit, it was estimated that approximately 30% of the total in-office case handling time for the civil and probate divisions is spent in procedures connected with recording information about a given case. Computerization should drastically curtail such tedious work.

6. Document retention and disposal procedures should be established for all divisions in order to confine within reasonable space limits the retention for future retrieval all necessary documents. Microfilming important documents and storage elsewhere in the event of a major disaster should also be seriously considered and undertaken.

7. The Grand Jury suggests that each Superior Court Judge monitor the working schedule of his Courtroom Clerk and in that way provide more help and assistance to the County Clerk during regular working hours when the Superior Courtroom Clerks are not burdened by specific duties of the Court.

## PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN

### Public Administrator

#### Introductory

The Public Administrator is a county officer as provided by Section 24000 of the State Government Code. As administrator and conservator, he provides for the protection of property of deceased persons, and for the protection of interests of heirs and creditors in such estates.

His duties are set forth in Section 1140 of the Probate Code, as follows. "The public administrator of each county must take immediate charge of the property within his county of persons who have

## PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN (continued)

died, when no executor or administrator has been appointed, and in consequence thereof the property, or any part thereof, is being wasted, uncared for or lost; and of all estates ordered into his hands by the court...."

The functions of the Public Administrator include the investigation, making funeral arrangements, applications to the Probate Court for letters of administration, collection of all assets, payment of all legal debts, sales of real and personal property, filing and defending law suits, obtaining all county, state and federal tax clearances, and distribution to heirs and to the State of California. A complete and thorough investigation must be made of each estate reported; without a proper investigation there could be a loss of revenue to the county as well as a loss to the creditors and heirs.

### Public Guardian

#### Introductory

Pursuant to Section 8000 of the State Welfare and Institutions Code, the office of Public Guardian was created on July 1, 1960 in San Francisco; the Public Administrator was also designated as the Public Guardian. The purpose of the office is to provide a public officer to serve, when needed, as guardian of the person and/or estate. Usually, affairs of incompetent senior citizens or any incompetent person designated by the Probate Court, who are otherwise not provided for, are handled by the Public Guardian.

The functions of the Public Guardian are to provide care and custody of the person and the management of his estate until legally discharged. An inventory must be prepared and filed of all assets of the estate, together with an appraisal of the assets, unless the estate consists of money only, or money and other personal property of a fair market value of less than \$50.00. Periodic accounting reports must be submitted for the approval of the Probate Court.

### Guardianship Cases

The number of guardianships which are being administered by the Public Guardian as of June 30, 1976 amount to 376. During fiscal year 1975-1976, new cases undertaken amounted to 30 and termination of guardianships were 63, or a net decrease of 33. Guardianships for minors are administered under the jurisdiction of the Juvenile Court.



PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN (continued)

Efficiency of Administration

The Public Administrator in his attempt to efficiently handle the increased work load of his office has initiated an Estate Master Control Register. By referring to it, one can immediately determine which estates are pending and why an estate is being delayed unduly, and where additional attention is required in order to expedite the cases.

Various forms, such as the investigator's and personal property schedules for each estate, have been revised and coded so that these reports can be expeditiously processed.

The Public Administrator has repeatedly requested since 1970 that an independent audit be conducted. His fiduciary responsibility in administering the estates and guardianships extends to an aggregate of nearly one (1) million dollars in commercial accounts, and approximately nine (9) million dollars in savings accounts. In addition to cash accounts, securities, other personal property, and real estate are valued at approximately ten (10) million dollars, or an aggregate total of nearly twenty (20) million dollars.

The Public Administrator has redoubled his efforts, in spite of vital staff shortages, in order to decrease the outstanding case level within his jurisdiction. He is vigorously pursuing cases which have been outstanding for five years or longer.

The following table reflects the status of open cases:

Estate Cases Outstanding

<u>Cases Open</u>	<u>No. of Estates</u>	<u>Percentage</u>
Less than 3 years	1,128	45%
Between 3 and 5 years	730	29%
Over 5 years	315	13%
Completed Cases Awaiting Discharge	<u>318</u>	<u>13%</u>
	<u>2,491</u>	<u>100%</u>

The Public Administrator has indicated to the Grand Jury that his goal is to decrease the outstanding case level from 2,491 to 1,500 by June 30, 1977, and continue his commendable efforts to achieve a level of 1,000 by June 30, 1978. This, of course, is on the assumption that his staff is not further decimated by attrition. Additional clerical assistance should be given serious consideration.



## PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN (continued)

In addition to personnel shortages, two principal reasons for creating delays in the closing of estates are (1) determining heirship, and (2) determining validity of claims against the estate which quite often results in protracted litigation; these causes are inherent in the nature of the cases. In reference to determining heirship, quite frequently no bonafide heirs are discovered even after extensive investigation and correspondence with foreign consulates and with individuals abroad in countries throughout the world. It seems practicable that such cases could possibly escheat to the State of California.

### Potential Revenue

The Public Administrator-Public Guardian maintains commercial accounts at both the Bank of America and Crocker Citizens Bank with aggregate balances of approximately one (1) million dollars. The Grand Jury during its first visitation pointed out the possibility of a potential revenue source in that these commercial accounts could be converted to interest-bearing business accounts. The earned interest applicable to San Francisco could amount to as much as \$50,000.00 or more depending upon the fluctuating outstanding daily balances. At a subsequent date, after the Public Administrator had reviewed this question, he agreed that such a procedure would be feasible and desirable, assuming appropriate legislation authorized it.

PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN (continued)

Comparative Annual Statements  
(Accrual Basis)

	<u>1973-1974</u> <u>(actual)</u>	<u>1974-1975</u> <u>(actual)</u>	<u>1975-1976</u> <u>(estimated)</u>
Revenue from:			
Statutory Commissions:			
Administrator	\$ 113,980	\$ 131,793	\$ 128,400
Guardian	43,950	47,065	45,788
Statutory Fees:			
*Attorneys'	113,980	131,793	128,400
**Attorneys'	43,950	47,065	45,788
Investigatory Fees	465	340	555
Ad Valorem Taxes	<u>124,654</u>	<u>105,872</u>	<u>124,837</u>
	<u>\$ 440,979</u>	<u>\$ 463,928</u>	<u>\$ 473,768</u>
Expenditures for:			
Salaries	\$ 333,538	\$ 339,295	\$ 338,902
Fringe Benefits	55,368	66,791	77,092
Rent	28,987	28,987	28,987
Supplies	3,008	4,283	4,500
Telephone	5,483	6,140	5,500
Postage	2,228	2,263	2,700
Printing	2,949	3,577	800
Rental-Office Machines	7,051	8,566	5,495
Repairs and Maintenance	1,273	2,468	3,200
Equipment			4,792
Other	<u>1,094</u>	<u>1,558</u>	<u>1,800</u>
	<u>\$ 440,979</u>	<u>\$ 463,928</u>	<u>\$ 473,768</u>

\* Administrator's cases

\*\* Guardian cases

## PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN (continued)

### Recommendations

The Grand Jury, upon due consideration, recommends that:

1. The Public Administrator and his staff continue to devote concerted effort toward reducing the case load to within reasonable limits as discussed in the foregoing report.
2. An independent audit of the Public Administrator-Public Guardian be conducted, if not annually, at least periodically. A limited scope of audit could be programmed which would be compatible with current budget limitations.
3. In order to help compensate the Public Administrator-Public Guardian's Department for its considerable expense over and above the cost of office operations, legislation be introduced through appropriate channels, to amend the State Probate Code in order to permit commercial accounts to be converted to a new type of interest-bearing business account whereby the earned interest may inure to the benefit of each respective county jurisdiction.
4. Open estates of less than \$1,000.00, where no heirs are known which have been outstanding for at least three years, the Public Administrator should establish a policy to automatically escheat to the State of California.

### RECORDS CENTER

#### Introductory

The City and County of San Francisco established a Records Center for inactive files and records for the convenience of all departments at 144 Townsend Street.

The Records Center is located on the second and third floors of a 3-story concrete building leased from Fox Properties. Actually, the premises contain approximately 13,000 square feet of second floor space - 1,200 square feet is utilized for office space and toilet facilities, and 11,800 square feet is available for storage. The entire third floor of 15,000 square feet is available for storage; approximately 7,500 square feet is only utilized.

The monthly rental expense is \$2,650.00 and the lease term is for seven months which terminated on June 30, 1976. In addition, the various department heads of the City and County microfilm all important documents in the event of a major disaster. Space, 110 cubic feet, for permanently storing these microfilms has been leased at the Western



## RECORDS CENTER (continued)

States Atomic Storage Vaults at Zayante in Santa Cruz County and some microfilm is also stored at Tahoe City in El Dorado County; combined rental totals to \$1,000.00 annually.

### Relocation of Records Center

The Director of Finance and Records in conjunction with the Real Estate Department has negotiated a fourteen year lease with a private lessor (Margolis) in order to relocate the Records Center at the old American Can Co. building at 3rd Street and 22nd Avenue. Terms of the lease, currently reviewed by the Board of Supervisors for adoption by resolution with subsequent approval required by the Mayor, are:

1. Fourteen (14) - year period.
2. Sixty day termination clause.
3. Initial monthly rental expense of \$1,420.00 for a period of four years; for next five years monthly rental of \$1,470.00 and the final five years monthly rental of \$1,920.00.
4. Lessor responsible for payment of utilities and janitorial services.

A second possible site being considered is the Bekins Warehouse on Geary Boulevard. Bekins has offered equivalent space and accommodations for a more economical rent.

The Grand Jury has inspected the basement floor of the Main Library Building at the Civic Center; it has an available area of nearly 25,000 square feet. The feasibility of converting this space with a minimum cost for a Records Center should not be overlooked. The savings both in rent and long hours necessary for transporting records to and from City Hall would be substantial. Another future alternative which must be kept in mind as a possible site is the old State Compensation Insurance Fund Building, if and when acquired by the City and County.

### Personnel

The Records Center is currently staffed with a complement of five employees indicated as follows:

RECORDS CENTER (continued)

	<u>1975-1976</u> <u>(actual)</u>		<u>1976-1977</u> <u>(estimated)</u>	
	<u>Salaries</u>	<u>Fringe Benefits</u>	<u>Salaries</u>	<u>Fringe Benefits</u>
<u>Employees:</u>				
1408 Principal Clerk*	\$ 11,538	\$ 2,893	\$ 12,631	\$ 3,086
1404 Clerk	9,070	2,333	9,733	2,445
1404 Clerk	8,817	2,276	9,478	2,389
1404 Clerk**	8,095		8,274	
1932 Storekeeper**	9,484		9,709	
	<u>\$ 47,004</u>	<u>\$ 7,502</u>	<u>\$ 49,825</u>	<u>\$ 7,920</u>

\*Superintendent

\*\*CETA employees

Comparative Annual Statements  
(Cash Basis)

	<u>1973-1974</u> <u>(actual)</u>	<u>1974-1975</u> <u>(actual)</u>	<u>1975-1976</u> <u>(estimated)</u>
Revenue from:			
Ad Valorem Taxes	<u>\$ 44,243</u>	<u>\$ 56,111</u>	<u>\$ 69,229</u>
Expenditures for:			
Employees' compensation	\$ 21,938	\$ 26,023	\$ 27,987
Fringe benefits	4,034	11,449	7,380
Rental of Premises (3)	15,692	16,294	32,800
Freight	1,357	1,134	400
Local fares-reimb.	183	153	136
Telephone	401	450	400
Supplies	600	450	
Maintenance, etc.	38	158	126
	<u>\$ 44,243</u>	<u>\$ 56,111</u>	<u>\$ 69,229</u>

## RECORDS CENTER (continued)

### Recommendations

Grand Jury recommends that:

1. The Records Center should ultimately be relocated at the most efficient and economical site, and preferably near the City Hall.
2. Since all expenditures are funded from ad valorem taxes, the Grand Jury recommends an exhaustive departmental review of all functions required in order to determine if this center is overstaffed, particularly, when records may be geographically nearer to the requesting departments at City Hall.

### RECORDER

#### Introductory

The County Recorder is mandated by State law as well as by City and County ordinance to receive, record, index, and preserve papers such as property documents, tax liens, abstracts of judgment, death affidavits, military discharges, and marriage licenses, and to issue certified copies of the same.

A true copy of the original document is reproduced and filed permanently. The staff indexes these documents and maintains books of record in order to facilitate its retrieval by the user. Prior to 1973 all indexing was manually handwritten in several books of record; subsequent to that date nearly all of the indexing has been transferred on microfiche with two readers available for users. This procedure has consolidated all the various books of record into a single index source which is listed alphabetically; the result being to realize substantial savings in labor hours, storage space, and book binding costs, and also a more efficient retrieval of documents.

#### Document Preservation

All indices, particularly of property records, have been microfilmed by the Genealogical Society of the Mormon Church (LDS) from 1850 to 1905. A copy of this microfilm is maintained by the County Recorder, and a copy is on file in underground historical records of the Society in Salt Lake City, Utah. This microfilming was performed at no expense to the City and County.



## RECORDER (continued)

Document indices between 1906 and 1972 have not been micro-filmed for future preservation. Since 1973 with the introduction of the microfiche index system, the preservation process is cumulatively being accomplished. It is important that the indices for the period of 1906-1972 be also preserved by microfilm in the event of disaster.

### Gratis Recording Services

Gratis services, mandated by Federal and/or local authorities, continue to be performed by the County Recorder. These fee-exempt services are:

1. War veterans and dependents.
2. Compensation and pension claims.
3. Old age pension claims.
4. Federal, state, city and other political sub-divisions.

### Documents Recorded and Filed

#### Comparative Table

	<u>1974-1975</u> (actual)	<u>1975-1976</u> (estimated)
Abstract of Judgments	3,530	3,970
Affidavits of Death	1,512	1,560
Decrees	2,222	2,300
Deeds	14,885	20,900
Deeds of Trust	14,672	20,850
Military Discharges	227	210
Notice of Defaults	1,204	1,042
Reconveyances	12,715	15,448
Tax Liens - Federal	1,667	1,720
U.C.C. Filings	6,496	6,750
Miscellaneous	<u>25,951</u>	<u>29,250</u>
	85,091	104,000

As compared to the prior fiscal year, the number of documents processed has increased about 20% during this fiscal year. The increase is particularly evident for deeds, deeds of trust, reconveyances and miscellaneous filings such as contracts of sale, leases, and mechanics' liens.

RECORDER (continued)

In spite of all the additional activity, the staff has decreased from 22 to 18 employees.

Comparative Annual Statements  
(Cash Basis)

	<u>1973-1974</u> (actual)	<u>1974-1975</u> (actual)	<u>1975-1976</u> (estimated)
Revenue from:			
Real Property Transfer Tax	\$ 712,801	\$ 726,161	\$4,000,000
Recording Fees	288,173	284,882	365,000
Marriage Certificates (40%)	14,950	14,762	14,400
Special Service Filing Fees	<u>19,773</u>	<u>21,011</u>	<u>22,000</u>
	<u>\$1,035,697</u>	<u>\$1,046,816</u>	<u>\$4,401,400</u>
Expenditures for:			
Employees' Compensation	\$ 198,383	\$ 208,813	\$ 220,000
Fringe Benefits	24,909	31,744	42,800
Equipment replacement	855	3,418	-0-
Contractual services	6,926	6,073	7,144
Supplies	<u>5,221</u>	<u>5,751</u>	<u>5,945</u>
	<u>\$ 236,294</u>	<u>\$ 255,799</u>	<u>\$ 275,889</u>
<u>EXCESS - to General Fund</u>	<u>\$ 799,403</u>	<u>\$ 791,017</u>	<u>\$4,125,511</u>

The Grand Jury is gratified that the contribution to the General Fund this year has increased approximately 400% as compared to prior fiscal years' contributions.

Recommendations

The Grand Jury recommends that:

1. Pertinent property document indices for the year 1906 to 1972 inclusive should be microfilmed. The hand-written books of record are the only source of information. In the event of fire or other disaster, the County Recorder's office would be seriously hampered in performing its statutory functions.

RECORDER (continued)

2. Indices referring to property grantor and grantee transactions between the years 1906 and 1972 are badly deteriorating due to excessive handling. These indices should be re-bound in order to insure adequate record preservation.

3. In the interest toward striving for uniformity in fee collections, and also to properly receive adequate compensation for any gratis recording and filing services now being rendered, the Mayor and Board of Supervisors should attempt to eliminate all of these fee-exempt transactions, as indicated in the foregoing report, with the possible exemption of old age pension claims. Federal, state and local statutes may have to be amended by respective legislative bodies.

Harold S. Dobbs

Alan H. Nichols

Spiron J. Tentes, Chairman



## SAN FRANCISCO'S LEGAL SERVICES

San Francisco makes a large annual investment for legal services necessary. Legal services of various kinds are provided to the City in the District Attorney's office, the Public Defender's office, the City Attorney's office and several other independent legal staffs or attorneys including the attorneys for the Public Administrator and Guardian, the Treasurer, the Controller, the Board of Education and the legal offices of the Housing Authority and Redevelopment Agency. The District Attorney employs 59 attorneys and supporting staff. The Public Defender employs 45 attorneys and supporting staff. The City Attorney employs 48 attorneys and supporting staff, Redevelopment employs 3 attorneys plus outside condemnation counsel, the Housing Authority employs 1 attorney, the Board of Education 1 attorney, the Public Guardian Administrator 2 attorneys, the Treasurer 1 attorney and the Controller 1 attorney. Private outside attorneys are employed in specialized situations.

The staffs have expanded since 1966 as follows:

City Attorney's office from 36 to 48	
Deputy Attorneys	(33+%)

District Attorney's office from 31 to 67	
Deputy Attorneys	(117+%)

Public Defender's office from 13 to 43	
Deputy Attorneys	(225+%)

Previous reports of the Grand Jury have generally glossed over these offices with the statement that they are doing well but are "shorthanded". It is not a matter that would seem to be of great significance in light of the relatively minor sums spent on the City's attorneys and their historically "low profile". Having too few attorneys as claimed by these offices has not allegedly affected their effectiveness according to prior grand juries, the City Attorney, the Public Defender and perhaps the District Attorney. While all these legal offices complain strongly that they are understaffed, they claim that they are doing an excellent job. Are they really understaffed? What is the importance of these legal services to the City? Are the sizes and quality of the City's legal staff more dependent on politics than the needs of the City or its citizens?

One cannot analyze the legal services for San Francisco without reference to the current phenomena in our society. There is a proliferation of new attorneys and legal problems. In spite of a fairly difficult bar examination in California, the law profession is probably easier to join and more open than other major professions. Due to a

## SAN FRANCISCO'S LEGAL SERVICES (continued)

surge of interest in public affairs and an expanded reliance on the courts for solutions, personal and social, there has been an expedient growth of litigation. Increasing the complexity of governmental laws and regulations at all levels has been a boon to and a source of expanding opportunities for lawyers. Many private law firms have doubled and quadrupled in size in the last ten years. Whether in business or private affairs, more people are unable and unwilling to resolve their disputes on an informal basis but relying upon attorneys and the courts to do that for them. This in turn results in pressures for more judges, federal and state, in the nation as well as in San Francisco. Are lawyers the cause or the effect of this growth of need for themselves? Is it significant that lawyers dominate the legislature, governmental agencies and strongly influence the high levels of business, labor and the executive branch of government.

The law profession is one of the few businesses in which increasing the competition with more lawyers does not decrease the need for lawyers but increases it. As more lawyers graduate, more law suits are filed, technicalities increase and more lawyers are needed for "the other side".

Increasing laws and regulations, social tensions, and myriads of other causes result in more and more "criminals". San Francisco not only must prosecute those who violate the criminal laws but must provide defense too. The City thus finances both sides of the criminal justice system (the District Attorney vs the Public Defender) as well as the judges.

All of the City legal offices commented on the tremendous growth in legal work and in litigation both criminal and civil. Even the Public Administrator's office which was once relatively insignificant in its requirements for legal services, has experienced what Administrator Con Shea stated was an "unbelievable" growth in litigation.

Attorneys are generally employed in the City directly by the administrators in charge and not by Civil Service. The supporting personnel including clerks, investigators and stenographers, are employed and furnished through Civil Service. The turn-over rates of attorneys do not seem high in any of the legal offices of the City. Apparently the satisfactions and the salary scales are adequate although there are claimed inequities between the various offices.

One of the major questions in terms of legal services in San Francisco is the adequacy of personnel in quantity more than quality. All the legal offices make a strong case of inadequate facilities, personnel and support. The Public Defender's office for example, is grossly understaffed and has inadequate support. The District Attorney presented a thorough documentation in support of a request to almost double the size of his office. He did obtain significant additions



## SAN FRANCISCO'S LEGAL SERVICES (continued)

though very much less than requested. Are these demands for additional legal personnel merely another example of the insatiable appetite for expansion of San Francisco's bureaucracy in all departments or are there special important expanding needs for legal services? A final answer cannot be reached from a cursory and voluntary review of these offices by the Grand Jury or anyone else.

The legal services to the City are not inexpensive since over \$5,000,000 annually are spent on the three main legal offices and over 158 attorneys are employed. The Budgets have expanded over 400% in the last ten years (District Attorney from \$740,000 to \$2,997,000 for example).

There is no question that many new areas requiring legal work have appeared in recent years. In the City Attorney's office, Mr. O'Connor points out that only in recent years has the City Attorney been involved in Federal Courts involving for example, Civil Rights questions and Hetch Hetchy matters. Civil actions against police cases have gone from a few to about 150 a year. The Assessment Appeals Board is a recent innovation requiring legal support. Workmen's Compensation court cases have increased tremendously for the City as well as for private employers. The staff for the City Attorney's office handled about 240 cases of code enforcement in 1970, 541 in 1972 and 841 in 1975. Yet all the reports of the Grand Jury in the past several years have referred to the need for more personnel in the District Attorney's, City Attorney's and Public Defender's office. The City Attorney had as of June 1, 1975, 3,570 pending cases in addition to its obligations to advise the City departments and provide legislative advocacy. There were 3,380 actions pending three years earlier (almost 10% higher). For fiscal 1975, the City paid over 3 million dollars on account of tort actions against the City and almost a 250% increase over claims paid in 1965, when the City paid about \$1,200,000 or in 1970 \$1,129,000.

On the criminal side there has been at least a 30% rise in criminal cases, along with a 44% increase in burglary, and 37% increase in robbery as of September 1975. On the other hand the adult felony arrests in San Francisco increased only about 500 from 1967 to 1974. A Master Calendar backlog of criminal cases can easily build up. Thousands of criminal misdemeanors and felonies are referred to the District Attorney's office. The District Attorney has publicly stated that his attorneys do not have a current copy of the Penal Code. He further notes that San Francisco's District Attorney cost per serious crime is \$50 compared to \$100 statewide, while the number of violent crimes handled per attorney is 138 while it is 76 statewide. The growth of cases referred to the Public Defender's office has been enormous as discussed below.

Naturally, a key question is whether the alleged lack of legal services has any adverse effect on the City. The heads of all these offices with due pride in their profession and personnel, claim



## SAN FRANCISCO'S LEGAL SERVICES (continued)

they are winning their cases, doing a good job and providing adequate legal services in the courts and elsewhere. If that is the case and continues to be the case, there is little reason to change the legal offices or to expand them. Attorneys in these offices seem to work hard but that is the nature of the profession. Night work and weekend work for example, is common among private attorneys also. The answer to the ultimate question of adequacy of legal services in San Francisco depends on whether a good job is really being done or whether allowing this work to be done with inadequate staff costs more than it saves.

Consider: Has the City paid out too much money in litigation settlements involving the Municipal Railway because of inadequate legal support? Has our advocacy for bills, national and state legislation lacked legal follow-up so that San Francisco has suffered? Has the City been able to obtain good results and protect its rights when pitted against the biggest and largest law firms in America representing some of the largest businesses in America in anti-trust actions, rate proceedings, public utilities matters and real estate dealings, as a few examples? What has been the price to the democratic process in San Francisco from insufficient legal advice, if that was the case, to the Registrar's office as to the law applying to elections, voter registration, etc.? What has been the cost to the education system from the erroneous and unusual federal decisions requiring integration of the entire City with a busing program everyone concedes has not been effective to either accomplish good education or integration? How much has the City lost from strikes and other activities allegedly illegal from lack of availability of appropriate immediate legal advice, injunctions, etc.? How were legal counsel able to stall the Yerba Buena project for years costing the City according to its own figures tens of millions of dollars and the loss of an entire project? Could San Francisco have made a more effective presentation in the Serrano decision so as to avoid being considered a "rich" district with the potential disaster to education finance in San Francisco? How much crime and particularly organized crime is encouraged to do business in San Francisco because of insufficient investigation or legal personnel to follow-up on police work against major and minor crimes? What is the deterrent effect on criminal behavior with the worst violent crime rate in San Francisco and yet where 50% fewer cases are tried than in any other county. How many defendants have received extra years in prison or fines because of the inadequate work for the Public Defender's office? How much extra money has been paid out in judgements and settlements and lost in contract negotiations because of insufficient legal support? How much conflict or violation of other City policies has resulted from insufficient legal time to review contracts?

These questions are not raised in criticism with legal knowledge that San Francisco has not been adequately represented. They are raised because they are real possibilities. The Grand Jury does however, conclude that it is "penny-wise and pound-foolish" to understaff

## SAN FRANCISCO'S LEGAL SERVICES (continued)

and under-support your legal offices in this day and age.

An illustration of the cost of inadequate legal services is the Gartland fire. The City Attorney had a case pending against the owner of that property for violation of Code regulations. This was one of many cases the City Attorney has not been able to prosecute diligently. In the Code enforcement section of the City Attorney's report to the Grand Jury on February 13, 1976, it was noted that Code violation cases had increased dramatically. In the past, additional requests were made for staff for Code enforcement, but were deleted each year by the budget staff in the Mayor's office. Indications are that the Department of Public Works will be sending even more cases. At the end of this description, the City Attorney's office states: "(T)he recent tragic fire at the Gartland Apartments had demonstrated the importance of Code enforcement in San Francisco. To be able to deal with the problem effectively, this office must have the staff, equipment and facilities". Over 20 San Franciscans (or according to the California Living section of the San Francisco Sunday Examiner and Chronicle of February 29, 1976, over 45 San Franciscans) would be living today if the City Attorney had that adequate staff with which to bring about timely enforcement of City ordinances including Code enforcements.

Before considering some of the unique problems and situations in each of these legal offices, a few general comments seem appropriate.

1. Paraprofessional Support There is a growing trend in all professions, particularly medical and business, to delegate tasks to other persons particularly when the tasks are repetitive. These persons need not be highly paid professionals. The legal offices in San Francisco seem far behind legal offices of corporations and unions. Paraprofessionals are not employed in these attorneys' offices and should be. There is a serious shortage of legal stenographers and secretaries within these offices. The District Attorney who is better supported secretarily than other legal departments has a statewide average of 1.5 clerical staff per attorney while the San Francisco's District Attorney's average is one third of that. Legal work today involves a tremendous crush of paper, whether civil, criminal, litigation or otherwise. To the extent that documents, pleadings, etc., cannot be promptly and accurately produced, legal services to the City and the position of the City suffers legally. None of the legal offices have given adequate consideration to the employment of paraprofessionals.

Some efforts have been made to add volunteers and outside consultants to the potential legal resources of the City. Volunteers have not been asked for nor used at all in the City Attorney's office or the District Attorney's office. The Public Defender in his desperation to obtain additional support has used volunteers. Only when volunteers can be made available for an extended period of time are they really useful. One large San Francisco firm provides such support for the Public Defender's office for three month periods. Unfortunately,



## SAN FRANCISCO'S LEGAL SERVICES (continued)

the use of volunteers is unlikely to be of any real significance in relieving any need for attorneys. Cases need to be followed from beginning to end as do negotiations and business matters, some of which can last years and usually do.

2. Other Support With the exception of the District Attorney's office, the physical plant and facilities of the City Attorneys' office and the Public Defender's office are atrocious by ordinary legal office standards. There are virtually no areas or possibilities for interviewing of clients in confidential settings. Lawyers are housed in situations that secretaries or clerks would find intolerable in legal offices of other governmental agencies or private firms. There is inadequate support, typewriters, word processing centers, etc.

There is little use of outside legal counsel except for specialized matters. The City Attorney uses only one law firm for the approval of and issuance of bonds other than special non-profit corporation financings and refers some other specialized matters to outside firms. The cost of such outside references has not however been small. Outside attorneys connected with current public financings in San Francisco according to the Controller have been paid over \$1,570,739 in attorney's fees. (The Controller has not yet completed his information and says more is to come.) One firm alone received over \$300,000. The District Attorney and the Public Defender do not employ outside consulting firms. The Public Administrator allows outside firms to carry forward estates wherever there can be representation of other interested parties.

3. Political Aspects of Need The size of the legal offices, the support for them, the addition of personnel for certain activities, seems to be primarily a political question rather than a need. If the Board of Supervisors or other agencies have a special problem, that is, one that has high political overtones, additional attorneys can be employed for that. The number of chief attorneys, the payment of attorneys, and other matters seem to vary depending on the political power of the office. The attorneys in the City Attorney's and District Attorney's office seem much stronger politically and are able to obtain higher positions much better than attorneys in the Public Administrator's, Treasurer's or Public Defender's offices. That relative political power or perhaps appeal seems to reflect in the relative difficulty in obtaining new staff, adequate facilities, and higher paid positions.

4. Evaluation of Attorneys Although we have inquired at both federal governmental levels and in private industry as to how to measure the productivity of attorneys, there are no general standards. Lawyers have successfully maintained the myth that there is no objective way to determine whether attorneys are working hard and getting good results. Given this general attitude both in private firms, in corporations and in other governmental levels, San Francisco's legal



## SAN FRANCISCO'S LEGAL SERVICES (continued)

offices do make some effort to at least provide informal and sporadic evaluations. Standards used in private law firms as to time worked, dollars collected and overhead expended, is probably not applicable or appropriate in governmental law units. But measures for evaluation should in our opinion be designed to assure that San Francisco is receiving at least a fair effort by individual attorneys.

In an effort to ascertain the quality of the legal work in the City Attorney's, District Attorney's and Public Defender's offices, we sent questionnaires to all Municipal and Superior Court Judges. Who better could analyze the effectiveness of those offices than the Judges hearing their presentations continually both civilly and criminally? Almost every Judge of the Superior Court gave us valuable opinions. Their answers seem to support the needs outlined in this report. Their comments confirm that legal representation in San Francisco should be carefully monitored; the hidden losses to San Francisco can be tremendous. The Presiding Judge of the Municipal Court informed us a response was "inappropriate" and refused to cooperate. We received only one reply which was sent prior to the Municipal Court judicial "freeze". The Jury was disappointed at this disregard of our sincere request and effort to provide insight to the quality of legal services rendered our City even on a confidential basis. We were surprised at this attitude especially in light of the supportive attitudes of the Superior Court Judges.

5. Consolidation We considered the outside legal offices in city governmental agencies; e.g., the Redevelopment Agency and the Housing Authority have their own attorneys as does the Board of Education. The Port has one attorney but he is under the jurisdiction of the City Attorney's office. The Public Administrator has a legal staff as does the Treasurer, Controller and Sheriff. Within the City Attorney's office, there are legal departments serving other agencies of City government including for example, the Public Utilities Commission and the Airport. There does not seem to be any particular advantage from consolidation, except for the attorneys with the Controller, Treasurer and Sheriff. In fact, there is a distinct advantage from having separate counsel for some agencies. As may be obvious, there are occasions in which the City Attorney's office has a theoretical conflict of interest in advising a separate agency in its relations with the City as a whole. This has been evident in allocation of funds, contracts, etc., between the Airport and the City. City non-profit corporations also have independent counsel with out apparent adverse effect, albeit expensive counsel. The Port and the Board of Education need more staff which should probably be a part of the budget and controlled by their respective Commissions.

Another issue is the City Attorney's role in jurisdictional disputes between the Board of Permit Appeals and other City departments. This will be reported upon by the Grand Jury Committee for the Board of Permit Appeals.

## SAN FRANCISCO'S LEGAL SERVICES (continued)

6. Management Consultants We feel that the importance of legal services to the City and the questions of appropriate budgeting should be carefully reviewed and specific recommendations made by an outside team of qualified management and legal consultants.

7. Staff Mix Law office procedures should be streamlined, equipment purchased, additional personnel obtained in all legal offices. The number of lawyers might even be decreased and with better results by modernizing these offices. As in many other departments of City government, there may be too many chiefs (lawyers) and not enough Indians (paralegals, secretaries, file clerks, etc.). A decrease in the number of attorneys with adequate supporting staff might save money and give better services. The Public Defender, for example, with a lower workload than the District Attorney in terms of criminal actions has 70+% as many attorneys but very low supporting services; the office might better spend its money on more support rather than attorneys. The Board of Supervisors has recently authorized an increase in equipment and support for the Public Defender that is, consistent with this recommendation.

8. Non Civil Service Civil Service procedures do not apply to attorneys. Their employment and tenure are at the discretion of the City Attorney, District Attorney and Public Defender respectively. It is our recommendation that this be continued. Since the City Attorney, the Public Defender and the District Attorney are all elected officials, political considerations do affect the employment of attorneys for those offices. However, the resulting quality has been at least as good if not better, than what one could expect from employment through Civil Service. If paralegals are employed and used more extensively in San Francisco's legal offices, we strongly recommend that they be employed by the legal offices involved and not be employed through Civil Service. If it were not impossible under the present Charter, we would suggest legal stenographers and other support staff be employed outside Civil Service. It is apparent in all of these offices that Civil Service seems unable to attract and employ staff promptly of a good quality.

### City Attorney

It has long been recognized that the caseloads are much too high and the physical facilities and support for attorneys substandard in this office. At least one outgrowth of that seems to be the City Attorney's handling of the Police, Fire and Crafts strikes within the last year. They were unable to affect service on all the Defendants. Their court presentation seemed ill-prepared and poorly presented. Investigation and witness preparation appeared inadequate. The office seemed unable to provide even the basic evidence, memoranda, declarations and documentation required. Nonetheless in all fairness it must be pointed out a favorable decision was obtained at least as to those parties properly served.



## SAN FRANCISCO'S LEGAL SERVICES (continued)

Many departments complained of delays in receiving documentation and opinions from this office--in one case over 2 years! Some of the Grand Jury's inquiries and requests for information were delayed but have been received.

The office has too long been neglected to the great disservice of many dedicated and able attorneys including the City Attorney himself.

### Public Defender

There are some situations as indicated above where the City represents both sides of an issue; for example, conflict between agencies of the City. But of course, the most obvious situation in which the City is financing both sides is the criminal justice system where the City finances legal services for the prosecutor and the defendant, and pays the judge as well. This is required by law so there is nothing the City could do about it even if it wanted to. Any person charged with a misdemeanor or felony may claim he is without adequate financial resources. He or she must receive free legal representation by the Public Defender's office if approved by commissioner and judge. There is virtually no investigation of a person's claim that he or she is unable to afford representation. The number of referrals to the Public Defender has increased. 70% of all misdemeanor and felony cases (over 25,000 in fiscal 1975) are referred to the Public Defender for a free defense.

The difference in the quality of the facilities between the District Attorney and the Public Defender is striking. There are 16 stenographers in the District Attorney's office and 2 in the Public Defender's. There are about 20 investigators in the District Attorney's office and 4 in the Public Defender's office; the District Attorney is further supported by many police department investigations. The Defender's office investigations are also more difficult since they must be made much later than and without the support of the police. In a felony murder case, for example, the District Attorney will be represented by a "principal" attorney while the Public Defender by a lower paid "senior" attorney. There are only 8 telephone lines for 100 personnel in the Public Defender's office, and over 20 telephone lines in the District Attorney's office. Of course, the Public Defender only handles 70% of the cases handled by the District Attorney (although the Defender handles more of the juvenile and mental health cases) and has the advantage of defending since the District Attorney carries a high burden of proof under evidence rules disadvantageous to the prosecution.

Volunteer attorneys have been suggested and are used by the Public Defender. Generally, they cannot be effective unless they are willing to give a lot of time on a regular basis over a long period of time. No one has suggested that volunteers be used in the District



## SAN FRANCISCO'S LEGAL SERVICES (continued)

Attorney's office or in the City Attorney's office. Again, it seems obvious this suggestion reflects the City's interest in providing as little justice as they can get away with for defendants in criminal actions.

A summary review of the Public Defender's office, reveals unnecessary motions may be made to discover documents and evidence before trial in the District Attorney's possession. The modern legal trend is to allow each side to find out prior to trial what evidence the other side is to produce. Thus decisions can be made on the merit of the issue rather than in surprise or on better fact preparation. With this in mind, it is suggested that the District Attorney and the Public Defender work out an agreement to automatically provide to each other all information about each case that could be obtained anyway under criminal discovery procedures. This would include all police investigation results. Special protection should be worked out to protect such information from organized or unorganized criminals so that prosecution in general does not become more difficult.

In spite of this, the Public Defender approximates that it wins 20% of all cases after trial. Approximately 60% of misdemeanors set for trial are either acquitted or dismissed. This compares with the 2% or 3% win record of Public Defenders across the nation. Does the success of the Public Defender under very difficult conditions indicate poor police work, laws more favorable to the defendant, an understaffed District Attorney's office, inadequate handling of cases in the District Attorney's office, favoring criminal defendants by the Court, or other factors? The answer could be important to the criminal justice system in San Francisco.

The story of neglect of the Public Defender is gross. Over half of the desks used in the Public Defender's office are borrowed. There are no typewriters owned by the City, and only two or three typewriters on loan from private businesses. There are 8 telephone lines for 100 people. There are 4 investigators for large caseloads. 16 attorneys are in one room with four partial partitions. Attorneys begin on a semi-volunteer basis at \$600 per month. As a result of this situation, the Bar Association of San Francisco and the judiciary have taken steps to call attention to these problems. In fact, the Courts finally had to order the employment of additional attorneys in the Public Defender's office. The order issued in December 1975, is a temporary order referring the problem to the legislative and executive branches of the City for employment of additional persons. For comparative purposes, the Public Defender's office has 43 attorneys for a population of 700,000 while the Alameda County Public Defender's office has over 90 attorneys for a population of 1.1 million and the Contra Costa Public Defender's office has 36 attorneys serving an only partly urban population of over 500,000.

The finding and recommendations of a special committee set up

## SAN FRANCISCO'S LEGAL SERVICES (continued)

by the Bar Association of San Francisco made up of San Francisco attorneys, the Public Defender of Alameda County, strongly criticize the level of service of the Public Defender: "The problems of the office stem primarily from a shortage of 16 deputies, only two legal secretaries for over 30 attorneys, insufficient investigative staff, no photocopying equipment and an inadequate library; whereby deputies use 1974 Penal Codes discarded by the Alameda County Public Defender, and inadequate telephone equipment." The situation since that report has not improved and in fact has deteriorated. The Court in its Findings of Fact, Conclusions of Law and Order of December 29, 1975 found that the Public Defender "does not have the ability to provide adequate and timely representation to all persons who qualify for the services of the Public Defender. . . ." A letter of June 9, 1975, from the Public Defender objected to a proposed reduction in budget. His objection was overruled and his budget was reduced. In response to this situation, an agreement was entered into between the San Francisco Bar Association and the Public Defender because of the Bar Association's concern that defendants in San Francisco were not receiving a fair trial because of the inadequacy of support for the Public Defender's office.

### District Attorney

It is difficult to evaluate the performance of the present District Attorney and his immediate staff since they have only been in office since January of 1976. It was a strenuous election campaign involving many candidates and important issues. Mr. Freitas defeated the incumbent. He had serious differences with his predecessor in several respects: Mr. Freitas stated that he would 1) try some of the more important cases, 2) decrease emphasis on what he called "victimless" crimes (prostitution, marijuana "non-coercive, non-violent", non-consumer violations) and virtually eliminate "plea bargaining". Have these policies been effective or should they be? He has not begun to try cases. If the assertions of his detractors is correct, that he has never tried a criminal case before, we recommend that he not "practice" in his present position, especially on important cases. It would be better to use his time and energy as an administrator or as part of a prosecution team with experienced District Attorneys. This would not of course prevent him from appearing in those cases where he wants to emphasize the significance of the trial to the people of San Francisco.

The District Attorney has brought in a new top-level team to the District Attorney's office. This was his right since attorneys are not Civil Service. While several experienced and highly regarded attorneys have been removed from their positions, new high level staff seem also highly qualified. The potential problems of "political appointments" might not approximate the failures of "civil service appointments".

One of the potential effects of eliminating "plea bargaining"



## SAN FRANCISCO'S LEGAL SERVICES (continued)

could be to clog the calendars and jails. The District Attorney claims this will not happen because stricter charging will result in more quality pleas at all levels especially felony cases "holding" for trial. The San Francisco Bar Association in its studies stated that this approach will "increase the number of trials of serious cases". The number of felony cases awaiting trial is increased. Although it is too early to tell what the "special circumstances" are in which the District Attorney will consider plea bargaining, it appears that the effect of this policy has not increased the time in bringing defendants to trial. Essentially, this policy requires the courts to play a more active role in the sentencing process which, in our view, is entirely proper and consistent with the Constitutional obligations of the courts to sentence. However, we take note that the courts through the conscientious and tireless efforts of the master calendar judge of the criminal division have been successful in meeting this challenge by insuring that trials are held within the statutory time limits. The District Attorney desires to expand the "felony team" concept to embrace all violent crimes rather than only homicides and sexual assaults. Will this practice be feasible, or even desirable, in light of the present heavy case load per assistant district attorney? Experience may dictate that only with selected violent felony cases will the District Attorney be able to afford the luxury in terms of manpower which would be offered by the felony team approach.

We note with approbation the retreat of the District Attorney from his characterization of prostitution in San Francisco as "victimless" crime. We urge him to fully recognize this mistake and begin the active prosecution of prostitution. Although we accept the right of the District Attorney to determine prosecutorial priority, the District Attorney should not continue his policies which can encourage rampant growth of prostitution with its concomitant growth in drug traffic, human exploitation, related crimes, organized crime, degradation and adverse effects on legitimate business.

Relations between the District Attorney and the Chief of Police seem excellent from their public appearances at least. That is important. Cooperation on the lower levels is also very important.

### Conclusion

Although the City Attorney and District Attorney were unable to respond promptly, to inquiries made of them in writing by the Grand Jury, the City Attorney, District Attorney and the Public Defender cooperated with the Grand Jury and we are convinced all sincerely seek to provide thru their offices good legal services. These are important positions to the City deserving of much more of our attention and support.

Roger Boas

Charles R. Breyer\*

Alan H. Nichols, Chairman

\*(Except as noted in Minority Report on the Office of the District Attorney.)



## MINORITY REPORT ON THE OFFICE OF THE DISTRICT ATTORNEY

We have much respect for the members of the Grand Jury who prepared and voted for the Majority Report on the Office of the District Attorney. Nonetheless, we believe that the Office is entitled to be evaluated with a different emphasis than that contained in the Majority Report and our difference in emphasis is the reason for this report.

First we believe that, to the extent the Majority Report impliedly criticizes the District Attorney for bringing in his own top level administration, the criticism is unjustified. Preliminarily, we note that, while several top level administrators from the prior administration were asked to give up their administrative positions, they were not (with one exception) requested to leave the Office of the District Attorney. Rather, they were asked to remain as trial prosecutors. Some chose to leave the office voluntarily. We did not view these changes as a reflection upon the professional competence of the previous administrators. To the contrary, we recognize that the citizens owe a tremendous debt of gratitude to persons such as Walter H. Giubbini, the former Chief Assistant District Attorney, for the years of exceptional service he gave to the City. Nor did we view these changes as an attempt to impugn the unquestioned integrity of the former District Attorney, John Jay Ferdon. What we are saying is that we are unable to criticize the new District Attorney for bringing in a new administration in order to carry out policies that were different from the policies of his predecessor whom he defeated in the recent election.

We also place a different interpretation upon the marked reduction in plea bargaining in serious felony cases undertaken by Mr. Freitas' administration. There can be no question but that plea bargaining casts the administration of criminal justice in a cynical light. Whereas plea bargaining may be necessary in order to save money, it consistently results in reductions in charges and sentences that would not be appropriate on the evidence of the case. Accordingly, attempts to reduce plea bargains should be commended and not criticized. Although the Majority Report does not criticize the District Attorney's reduction in plea bargains, the Majority Report states, "The number of felony cases awaiting trial is increased." It is true that the number of felony cases awaiting trial has increased since January when the new District Attorney took office. However, this statistic is not significant because there are historic, seasonal fluctuations in the crime rate and, historically, there are always more felony cases pending during the summer months than during the winter months. Therefore what is significant is that there were fewer cases pending in Superior Court on June 1, 1976 than on June 1, 1975 (135 cases pending on June 1, 1976 compared with 143 cases pending on June 1, 1975). The fact that cases

## MINORITY REPORT -- DISTRICT ATTORNEY (continued)

have not backed up during the same time that plea bargaining has been reduced, we would agree, is largely attributable to the considerable efforts of the Master Calendar Judges of the Criminal Division of the Superior Court.

Although the Majority Report undertakes an analysis of campaign promises of the District Attorney, it omits an evaluation of Mr. Freitas' most basic campaign plank which was to focus the emphasis of the Office on the prosecution of serious felony offenses. It is significant that, even though serious felony arrests have decreased (-7%) in the first five months of this year over a comparable period last year, the number of persons held to answer in Superior Court has increased significantly (+21%). The increase in holdings, combined with the significant increase in the number of cases going to trial (+61%) has created a situation in which the number of persons sentenced to State Prison has almost doubled (+97%). Although this statistical sample may be too small to serve as an accurate prediction of what will happen with felony offenses during the remainder of the year, it appears that the District Attorney's expansion of the "felony team" concept is off to a good start. In essence, the "felony team" approach takes felony trial deputies and organizes them into teams according to the kind of offense being prosecuted, e.g., homicide, rape, burglary, theft, etc. In addition, the felony team assigned to a case enables the team to handle the case at all stages of the prosecution and eliminates bouncing cases from deputy to deputy.

All in all, we believe that the reforms of the District Attorney appear to be heading toward the tougher prosecution of serious felony offenses.

There is a final point at which we disagree with the Majority Report. The Majority Report calls upon the District Attorney to "begin the active prosecution of prostitution". We do not propose to enter the bottomless semantic debate as to whether prostitution may be characterized as a "victimless" crime. Rather, it seems to us that the question boils down to how we are going to spend prosecutorial resources that are not sufficient to enable the District Attorney to prosecute everyone who is arrested for violation of a law in San Francisco. Within the past several months a committee of the San Francisco Bar Association undertook an intensive study of the staff needs of the San Francisco District Attorney's Office and concluded that the Office needed 31 new prosecutors in order for the Office to meet minimal standards for criminal justice. The Finance Committee of the Board of Supervisors allowed the Office 8 new positions.

We do not find in the Majority Report a recommendation that the District Attorney's Office be given additional positions. We do find in the Majority Report a high-sounding call to the active prosecution of prostitution in San Francisco. It would seem more accurate to



MINORITY REPORT -- DISTRICT ATTORNEY (continued)

admit that, given the present state of city finances, the City cannot afford both thorough prosecution of serious felonies and thorough prosecution of prostitution and lesser drug offenses. In our view, the District Attorney has aligned his priorities in a manner that makes a good deal of sense. In addition, he is aligning his priorities in a manner consistent with the results of the recent election campaign.

The District Attorney and the Chief of Police made a mistake with respect to the enforcement of prostitution laws. However, their mistake was not in their shift of law enforcement resources away from vice offenses. Rather, their mistake was publicly to announce their reduction in enforcement of these laws. In essence, they issued an unnecessary statewide invitation to an unwanted party on the streets of the Tenderloin and around Union Square. We all learned from that experience that, if unacceptable conduct is to be handled outside of the criminal justice system, that change must be made by the State Legislature and not by public pronouncements of local law enforcement officials.

Charles R. Breyer

William R. Shapiro

Richard M. Sims, III



REPLY TO MINORITY REPORT ON THE  
OFFICE OF THE DISTRICT ATTORNEY

A minority report, the only one filed in this Grand Jury's term of office, has been submitted in connection with the District Attorney's Office. As Chairman of the Committee of the Grand Jury that prepared the report submitted many weeks ago, I would be remiss not to reply.

Neither the minority report nor this reply have been subjected to the process inherent in Grand Jury deliberations. The Grand Jury Report resulted from a year's investigation of the legal services provided to the City and the resulting report on the District Attorney is a part of a Grand Jury Report on the City's legal services with which the minority has not disagreed. The authors of the minority report did not attend any of the Committee's meetings with the present District Attorney or the previous District Attorney, nor did they review the materials obtained including the questionnaire answers of the Superior Court Judges, nor did they have the opportunity to discuss with the Grand Jury Committee the operations of the District Attorney with the Public Defender and Sheriff whose work is closely related to the District Attorney's Office. Nevertheless, the signators of the minority report have considerable individual experience in civic and legal affairs related to the District Attorney's Office and their non-participation in the Committee's work is not the basis upon which this reply is made.

In spite of the efforts of the minority report to assume that the Grand Jury Report is an undue criticism of the District Attorney, the Report stands for itself. It is intended to be a commentary with suggestions helpful to the community and to the legal officers of the City. It further recognizes a unique opportunity for the citizens of San Francisco to be specifically reminded of the campaign promises of a successful elected official in an important position and to relate those promises to the actual activities of an office. The Grand Jury analyzed each of the District Attorney's promises and reported its observations as to them. Too often campaign promises are forgotten. The resulting cynicism in the political process is wide-spread today. Hopefully, this format will be helpful to other Grand Juries in the future in analyzing the performance of elected officials.

While the minority report claims that the Grand Jury has criticized the District Attorney for making his high level appointments based on political patronage, the Grand Jury in fact complimented those appointments and concluded appointments of attorneys at the will of the District Attorney is better than through Civil Service. It may be that the abuses of trust so rampant in the days of Lincoln Steffens and other "muck-rakers" of history are no longer as demoralizing and wasteful or as likely to happen today as the inefficiencies and "drag" of

REPLY TO MINORITY REPORT -- DISTRICT ATTORNEY (continued)

Civil Service.

The minority report claims the Grand Jury favors "plea bargaining" and objects to the District Attorney's felony team approach. There is no such statement or implication in the Grand Jury Report. The Grand Jury only questioned whether the felony team approach was viable in light of the fact that the District Attorney represented to the Board of Supervisors that his office could not be run properly without 31 new attorneys while the Board of Supervisors allowed only 8 more. The Grand Jury Report only raises the question of whether in light of the available staff, the felony team concept is workable for all felonies.

The minority report criticizes the Grand Jury for failing to recommend an additional 31 attorneys as requested by the District Attorney. The District Attorney prepared an elaborate justification based primarily on comparative statistics, some of which are relied upon in the Grand Jury Report. The Grand Jury had neither the staff nor the time to verify or analyze in detail the huge document. Nevertheless, even without the additional eight attorneys approved by the Board of Supervisors, the District Attorney's Office states that more cases were handled more quickly with better results in the past several months than previously, that there had been an increase in the number of holding cases and that the number of felons convicted and sent to State prison has increased. The Grand Jury also pointed out that there should be a study of the District Attorney's Office to assure that employment of paralegal personnel and more investigators and setting up word processing equipment centers would not obviate the employment of more attorneys or even allow the District Attorney's staff to be reduced. Additional staff could be employed under a supplemental budget if an actual demonstration was made of those areas in which the District Attorney cannot operate without additional personnel.

There is no significant difference between the report of the Grand Jury and the minority as to prostitution except one of attitude. The Grand Jury considers it a matter of more significance than the minority.

As a proponent of the Grand Jury Report as issued, which, in fact, includes many suggestions made by the authors of the minority report, I personally wish the District Attorney well. His office is an important one to San Francisco and he needs the support of the community to effectively carry it out. Since the preparation of the report, the District Attorney kindly submitted a specific list of his accomplishments in many areas other than those discussed as to the prosecution of pimps, the establishment of a close working relationship with the police at both the lower and higher echelons, active solicitation of additional outside funds for the District Attorney's functions, the organization and improvement of the consumer fraud unit, a staff



REPLY TO MINORITY REPORT -- DISTRICT ATTORNEY (continued)

educational program, and establishment of a family support bureau. It is my personal hope that the District Attorney can assign a higher priority within his existing staff to cooperate and coordinate with other agencies and to take the leadership in investigating and prosecuting organized crime at all levels as it exists and operates in San Francisco.

Alan H. Nichols



## SPECIAL REPORT ON CITY DEBT MANAGEMENT

The San Francisco Civil Grand Jury has been concerned all year with the financial health of the City and County. A previous report outlined a proposal for improved fiscal control as it relates to management and budget. This report reviews San Francisco's bonded debt, and considers the methods of issuing and evaluating the risk of that debt, with particular attention paid to debt issued without a vote of the people.

San Francisco's long-term debt takes three forms:

1. General Obligation Bonds;
2. Public Sector Enterprise Revenue Bonds;
3. Non-Profit Corporations, some of which involve long-term lease back arrangements with the City.

Exactly one year ago, the following debt was outstanding:

- |  |                    |
|--|--------------------|
| 1. General Obligations Bonds: (General City) | \$179 million      |
| 2. (Public Sector Enterprise)                | 274 million        |
| 3. Non-Profit Corporations:                  | <u>220 million</u> |

Total City-Related Debt: \$673 million

(Throughout this report, the following are excluded: Golden Gateway Tax Allocation bonds; Hunters Point South School bonds and bonds issued in the past year, including those for the Department of Social Services building and for Airport construction.)

Like much municipal finance terminology, the very term "general obligation" is subject to interpretation. The City Controller considers (and advises the Board of Supervisors accordingly) that only General City bonds are general obligations. His list may vary from that used in this report. The State of California, in its Annual Report on Financial Transactions Concerning Cities of California includes most Public Sector Enterprise bonds in the category "General Obligation". The U. S. Bureau of the Census, in its reports on government finances, lists almost all of San Francisco's revenue bonds as full faith and credit obligations (Census of Local Governments.)

All Water Department debt has been voted and as such the bonds are general obligations. However, since the project is self-supporting, no taxes are required. In the future, if necessary, a tax could be--and must be--levied if earnings are insufficient to service the debt. As will be detailed later, there are also revenue obligations, which are payable solely from the income of the project, such as the recent issue of Airport bonds. There are old voted general

## SPECIAL REPORT ON CITY DEBT MANAGEMENT (continued)

obligation Airport bonds which have, by resolution, a secondary claim on the revenue of the Airport. However, if the revenues are insufficient the City is obligated to levy a tax to pay these bonds.

General obligation debt is the oldest form of local government long-term financing. Local authorities pledge the full faith and credit of the government to meet these obligations, secured by unlimited claims on the tax base. Typically, the property tax is the principal source of repayment, although some general obligations are also payable out of departmental revenues as are San Francisco bonds issued for water purposes. Such self-supporting debt is excluded from the \$179 million figure.

San Francisco's currently outstanding \$179 million general obligation bonds finance schools and school improvements (\$56 million); street lighting and street improvements (\$56 million); sewers, sewage disposal, pollution control and sewer system improvement (\$26 million); medical center (\$24 million); and many others, including museums, hospitals, open space and playgrounds.

The level of general obligation bonds is limited. Section 43605 of the California Government Code limits city debt to 15% of assessed value of all real and personal property of the city. Bonded debt in this context refers to commitments payable from proceeds of taxes levied upon taxable property in the city.

Charter cities such as San Francisco can impose more stringent limitations than those mandated in Section 43605. San Francisco has chosen to do so. Section 6.401 of the City Charter indicates that the bonded debt shall not exceed 12% of assessed value of all City real and personal property that is subject to City or County taxes. But exempt from this Charter restriction are bonds that are issued for: water supply, storage and distribution; special assessment debt; air transport facilities; sewers, disposal and treatment of waste provided that such operations are financed through service charges; development of San Francisco harbor; and development of foreign trade zones. Thus general obligation debt not subject to the limitation can be created.

As of December 31, 1974, the general obligation debt subject to the limitation was 3.5% of the \$2.6 billion assessment roll.

The level of general obligation bonds is subject to voter approval. A section of the California State Constitution provides that general obligation issues must be submitted to the voters and a 2/3 vote obtained for approval. Thus voter approval is both statutory and Constitutional, a situation replicated in only about ten other states.

In addition to general obligation debt, many localities also issued bonds that are paid for out of revenues of specific public



## SPECIAL REPORT ON CITY DEBT MANAGEMENT (continued)

projects. These revenue bonds appear to be partly a response to the constraints on general obligation bonds, partly a belief that many public activities should be paid for by the users of services and not by general taxpayers, and partly because they usually do not require voter approval.

A number of definitions exist for revenue bonds. A relatively narrow one might be debt that is supported either by the net revenues of a governmentally-owned facility, or income from the property itself. The term "revenue bond", even in this narrow definition, applies to a variety of municipal debt instruments.

The recent growth in the number of special districts throughout the country, for example, is due in large part to their ability to float debt not subject to constitutional limits on a locality's borrowing power or to the voter approval requirement in some cases. Courts generally have held that even when special districts are coextensive with a municipality, the special district debt is not chargeable to the local government limits. Thus general obligation debt not subject to restraints on methods of issuance can be created.

Short of creating a special district, there are a number of ways in which the source for debt financing can be shifted away from general obligation bonds. One device is the public sector enterprise revenue bonds. Many municipalities in most states make extensive use of this type of debt. Sometimes these bonds are issued directly by local governments as limited obligations payable from a special fund.

In San Francisco, operating authorities of the City issue public sector enterprise revenue bonds.

These bonds are not subject to a vote of the people or to the 12% Charter restriction. Of the \$275 million in such obligations now outstanding, these bonds are used for:

Hetch Hetchy power and water and other	
municipal water (voted)	\$103 million
Airport operations (some voted)	81 million
Port	91 million

(The City assumed operation of the Port from the State in 1960. It was agreed that the City would be responsible for repayment of principal and interest on existing bonds, which now have a face value of \$41 million. Additionally, there are \$50 million of bonds issued since then for the harbor and improvements. These latter, the \$50 million, are the only San Francisco debts listed in State statistics as Revenue Bonds.)

Non-Profit corporations account for the other major form of San Francisco debt. The City was one of the first municipalities to



## SPECIAL REPORT ON CITY DEBT MANAGEMENT (continued)

employ this method, shortly after World War II. City Controller, Harry Ross, working originally with bond attorneys George Herrington and Edward Keil, established the first non-profits. Mr. Ross, who worked for Mr. Keil after his retirement from the Controller's position, was apparently convinced that the method could be very useful to the City. Since that time, Mr. Keil's firm has handled many of the non-profits in San Francisco and elsewhere, as Mr. Keil noted in a recent public letter, adding that in all revenue-producing facilities with which his firm has been involved the operations have never been in deficit.

The non-profit corporations are approved by the City. Income from the debt issued by such non-profit corporations is exempt from Federal income taxes, as is income from general obligation State and municipal debt. Bonds are issued without voter approval. City or other operators provide for lease payments equivalent to the bond repayments, to be provided out of revenues from the project. Advantages other than avoiding a vote and providing a tax exempt and therefore attractive investment, are the speedier process and that the bonds are not included when considering whether a municipality has exceeded its bonded debt limitation.

In San Francisco, the purposes for which these non-profit corporations have been established are varied. The \$220 million in outstanding obligations of this sort, on June 30, 1975, include the following:

Garages (Fifth and Mission, Civic Center, Sutter-Stockton, Japanese Cultural Center, Portsmouth Square, Golden Gateway, Ellis-O'Farrell):	\$ 25.1 million
Municipal Railway Improvement Corp.	46.8 million
S.F. Airport Improvement Corp.	121.4 million
San Francisco Stadium, Inc.	23.6 million
Produce Market	<u>2.7 million</u>
TOTAL	\$219.6 million

Except for the Muni Railway, the other projects are leased, with the operators paying a percentage of revenues.

The outstanding obligations for non-profit corporations thus represent over 30% of San Francisco debt. At the time of issuance they required a higher interest rate than general obligation bonds, because they are not full faith and credit obligations. It appears that no court would or could compel the City to pay for a defaulting bond of

## SPECIAL REPORT ON CITY DEBT MANAGEMENT (continued)

this sort, except where the City appears on the lease. The City has agreed to pay the Municipal Railway Corporation to cover principle and interest on its bonds; the Japanese Cultural Center Garage, when revenues are insufficient; and San Francisco Stadium, Inc., to cover the deficit since last year.

The following table estimates the amount of bonds outstanding for San Francisco on June 30, 1975, and on June 30, 1980, classified by type as discussed above, for bonds outstanding on June 30, 1975.

<u>Type of Bond</u>	<u>June 30, 1975</u>	<u>June 30, 1980</u>
General Obligation:		
General City	\$179 million (27%)	\$102 million (21%)
Public Sector Enterprise	274 million (41%)	179 million (38%)
Non-Profit Corporations (lease and non-lease by City)	220 million (32%)	196 million (41%)
TOTALS	\$673 million (100%)	\$477 million (100%)

The table indicates that redemptions over the next five years will result in Non-Profit Corporation obligations comprising an increased share of the debt structure: from 32% in 1975 to 41% in 1980. New issues will affect this proportion, but it seems possible that new issues, reflecting the recent trend, will include an even larger percentage of Non-Profits. The table also shows that Public Sector Enterprise bonds and Non-Profits both are outstanding in larger amounts than general obligation bonds. Some of this may be due to price inflation, requiring larger bond issues in recent years for similar size projects. But many millions of dollars of general obligation bonds have been paid off over the years. The present preponderance of the two secondary types of bonds is clear, their importance is emphasized, and the recent trend toward their use seems apparent.

## SPECIAL REPORT ON CITY DEBT MANAGEMENT (continued)

The following table shows debt service costs for San Francisco bonds existing today, by year for five years to 1980, in millions of dollars.

<u>Type of bond</u>	<u>1975-6</u>	<u>1976-7</u>	<u>1977-8</u>	<u>1978-9</u>	<u>1979-80</u>
General City					
Interest	8.7	7.9	7.0	6.3	5.6
Principal	16.8	16.3	15.1	14.8	14.8
Total	25.5	24.2	22.1	21.1	20.4
Public Sector Ent.					
Interest	12.3	11.4	10.5	9.7	8.9
Principal	20.4	19.6	19.3	17.7	17.5
Total	32.7	31.0	29.8	27.4	26.4
Non-Profit Corps.					
Interest	15.2	14.8	14.4	14.2	13.9
Principal	5.2	5.7	3.3	4.6	4.9
Total	20.4	20.5	17.7	18.8	18.8
All Bonds					
Interest	36.2	34.1	31.9	30.2	28.4
Principal	42.4	41.6	37.7	37.1	37.2
Total	78.6	75.7	69.6	67.3	65.6

Interest payments from 1976-77 through 1979-80 are estimated on the basis of outstanding unmatured obligations at the end of each year. Non-Profit debt will be larger than the other two categories in 1980, since the Non-Profit payments are predominately interest up to 1980. The principal portion will begin to rise in 1977-8 and will increase yearly in the 1980's.

A variety of measures might be used to assess debt capacity for a municipality. Some are:

Debt to assessed value of real property, a ratio sometimes found in law, often around 10%, more often used as a general rule of thumb.

Debt to market value of real property, difficult to ascertain, but bears some relationship to the previous ratio.

Debt per capita, a frequently used measure, with which care has to be exercised as to parallel services and population make-ups.



## SPECIAL REPORT ON CITY DEBT MANAGEMENT (continued)

Debt service costs (interest plus principal redemptions), as a proportion of the local budget, a measure by which 25% is generally thought to be too high. In 1970 the average for all local government units was less than 10%.

The following table looks at some of these indices, including different categories of debt, some of them exempted from limitations by law. Figures are for the present year, and are cumulative left to right.

	<u>General obligation</u>	<u>plus public sector</u>	<u>plus non- profits</u>
Amount of unmatured debt outstanding, 6/30/75	\$179 million	\$453 million	\$673 million
Ratios:			
Debt/Assess value	3.5%	16.8%	24.9%
Debt per capita	\$256	\$647	\$961
Debt service costs/ SF Budget	3.2%	7.3%	9.8%

It should be noted that, as aforementioned, the Department of Social Services and Airport issues are not included, and that the amount of the future sewer improvements, thought to be large and possibly inevitable, are also excluded. Estimates include:

1975-6 Assessment Roll	\$2.6 billion
Number of San Francisco Residents	700,000
1975-6 San Francisco Budget	\$800,000

One problem in municipal finance is that rules of thumb, and therefore comparisons, are not as well developed or useful as figures and methods in the private sector. Nonetheless, it would appear that the ratios for San Francisco indicate the need for care in future handling of the debt structure.

Debt to assessed value ratios seem especially high. This should be tempered by the fact that market value would produce a lower ratio and that market value is a real figure. Taxes are based on the assessed value, however. Also, project revenue has historically covered much of the debt.

Debt servicing costs as a percent of total budget does not at first glance seem particularly worrisome. However, only a small part of the San Francisco budget is discretionary and therefore available. Debt service as a proportion of these funds is much higher.

## SPECIAL REPORT ON CITY DEBT MANAGEMENT (continued)

Debt per capita figures for general obligation bonds do not look particularly high when compared with the figures for other cities and counties of similar size. But national figures of the Census do not include new forms of debt financing such as non-profit corporations, and it is thus hard to determine whether the \$961 figure is high or low.

Finally, comparisons among figures is made more difficult by the exclusion from the 12% of assessed value limitation of sewer, water pollution and other bonds which are in fact general obligations.

Having this general picture of the City's bonded debt before us for the first time, the Jury tried to ascertain what the meaning of the debt is for the City. The Jury sought the opinion of the Controller, several Supervisors, and budget experts in the City and in the financial community.

We received cooperation and courtesy from everyone with whom we spoke. As our report will indicate, however, the responses often suggested to us that the amount of information sought and used by the City, specifically the Controller, was often less than appears to us to be necessary for a full evaluation of the City's financial health.

As an example, the Jury noted that the Controller had advised the Board of Supervisors that the City was well-insulated from any risks in connection with the non-profit corporation bonds proposed for issuance in conjunction with the planned sports arena for Yerba Buena Center. While the Jury had and has no conclusion as to the merits of that arena, we were unconvinced by the argument that the project did not contain the possibility of financial risk for the City. We wanted to know if the Controller's opinion was realistic or merely optimistic. We asked him for the source of his information that led him to his conclusion as to the safety of these bonds and the degree of insulation from risk achieved by the City in approving their issuance.

Without exception, the sources cited by the Controller were professionals involved in the proposed projects, or the potential management and ownership of the projects. When we asked the Controller if he had not sought outside advice, he said objectivity was unlikely in this area.

The Controller reacted with some surprise, but accepted the Jury's suggestion that the major national municipal credit rating services might be appropriate targets of inquiry, and that outside experts might be found there and elsewhere.

The Controller reported to the Jury that experts at the two municipal credit rating services he contacted at our suggestion affirmed his opinion that the City could not be compelled to pick up a defaulting non-profit bond issue, but that one of the two sources



## SPECIAL REPORT ON CITY DEBT MANAGEMENT (continued)

suggested that the City might have difficulty selling future issues if it did not do so. To the knowledge of the Jury, few if any Supervisors appear to have been made aware of this finding by the Controller.

The Jury has learned that San Jose did in fact assume the debt of a community theater Non-Profit Corporation after many problems arose and the roof fell. We have identified three instances of cities not picking up the debt of financially-troubled Non-profit garages, and apparently suffering no adverse affects. However, all these instances were in the 1960's, none in the '70's and none since New York City's problems brought everyone's attention and reconsideration to such matters.

The Grand Jury decided to interview members of the San Francisco financial community ourselves to evaluate further the risk to the City in these non-general obligation bond issues, having found them to be an increasingly important part of the local debt.

The financial community is a diverse group, and within the diversity of experts the Grand Jury found a variety of opinions about non-profit corporations and their implications for the City, but we can report certain conclusions and observations.

First and most interesting, is that it was felt by many local financial experts that the Jury was doing the work that City government, particularly the Controller, should have done long ago.

Secondly, we found time and again that many of the people involved in the issuance of non-profit corporation bonds and therefore in contact with the City, were themselves unaware of the recent developments and opinions within the financial field relating to these bonds. These opinions and developments were well known to other local experts, some of whom were not involved with non-profits, and others of whom were in different departments of firms dealing with non-profits. In other words, the very people who should have known the most, often knew or at least exhibited the least information. It can be assumed that they conveyed no more information to City officials if and when they were asked. Thus the City received advice highly favorable to the issuance of these bonds. The City sought advice from people most likely to want their advice to be favorable. This is not to say that false information was given. It appears, remarkably, that the people who gave favorable advice did so in good faith, because they themselves had incomplete information. Few people involved in the issuance of these bonds seem to have sought bad news. This appears to describe the Controller, corporation counsel and financial consultants. Within the circle of those involved in the issuance, mutually-reinforcing favorable opinions predominated.

Firms that develop the right and the ability to charge fees to the City because their opinion on a bond is considered expert,



## SPECIAL REPORT ON CITY DEBT MANAGEMENT (continued)

give their opinion to people who want to issue the bond. That in itself can sell a bond. In an expanding economy, with well-managed projects, the day of reckoning has not come. A self-fulfilling prophecy and coteries of mutually reinforcing opinions perpetuate themselves. Nobody complains. Problems like Candlestick, and potentially the Port, are dealt with so that only the ambiguous increases in local taxation reflect, and then only in indirectly traceable fractions, the financial miscalculations.

But the Grand Jury has found a deep stream of concern within the financial community, and particularly among the top bond traders--the people who evaluate credit and bond issues, and who set an interest rate or price for the actual bonds of a governmental entity. Set against a back-drop of general concern about San Francisco's financial security, public employee crises, high tax rate, declining tax base, and population loss, there is particular concern about two matters: 1) the chaos and slowness in the City's record keeping and financial analysis departments and 2) the increasing use of unvoted non-general obligation debt instruments without regard for the possible price the City would pay if any significant portion (and possibly even one fairly large issue) were to default.

Among many San Francisco investment bankers, bond traders, and municipal bond experts, we found strong opinions that if a non-profit failed, even without the City on a lease (which circumstance would require City involvement), a city that did not pick up the issue would be risking higher interest costs and inability to sell other bonds, possibly including general obligation bonds. The very people who set the prices for bond issues were among the ones who felt this was a strong possibility. We asked them specifically to consider how they themselves would react.

Many professional financiers involved in issuing these bonds and encouraging their future use assured us that bonds are bought by sophisticated investors who would not have the expectation or the right to the expectation that the City would support a failing non-profit. But many traders reminded us that a majority of bonds today are bought by individuals, and that new disclosure rules and current market attitudes require much greater concern for the small investor. They pointed out that use of the words "San Francisco", approval of the Board of Directors of the Non-Profit Corporations by the Supervisors, approval of the issuance of the bonds by the Board of Supervisors, and the Mayor if he does not veto them, link the City very closely to these bonds. We were advised that the thinking of investors, and their ultimate confidence in a city is all that creates a market.

The traders told the Grand Jury something else that concerns us very much. They advised that, over the last few years, the difference in price between the State of California AAA bonds and San Francisco AAA bonds has increased, to the detriment of San Francisco. San Francisco

## SPECIAL REPORT ON CITY DEBT MANAGEMENT (continued)

bonds, some of which once cost the City a lower interest rate than State bonds, now require a higher rate, and the recent trend is increasing the difference. Furthermore, some traders advised us that they are having difficulty marketing San Francisco bonds on the West Coast.

An extremely revealing exchange took place in front of one Juror, who found a financial expert, an advisor to the City, in one of the most prestigious finance firms in the country, doubting that any of the above was true, skeptical of these changes and problems for San Francisco bonds in the recent market. He called in his firm's bond trader, who confirmed the facts, surprising the adviser to the City.

This same expert adviser deplored the chaos in the City's records but relied on the reports of the City's Accountants (who themselves were bewildered by the chaos) in advising the City on its financial condition. He had no response when asked how the Controller, given the state of the records, could certify as to the City's financial condition for the issuance of bonds.

What seems to be happening is that people simply do not want to rock the profitable boat. Their avoidance of disaster to date may be testimony to their abilities, but not necessarily an endorsement of their methods, without change, forever. It is clear to the Jury that partly out of tradition, partly out of necessity and partly out of profitability and reinforcing reciprocity, the financial community's relationship with the City is a closed and privileged circle. The people who sit on the boards of non-profit corporations, for example, are described by one of the major non-profit corporation attorneys in San Francisco as being "a superior type to the average politician". Supervisors Francois and Gonzales once pointed out that minorities, women and neighborhood leaders are rarely if ever among those on these boards.

### Recommendations

To inform the City's financial consultants better, to bring the Controller up to date, to introduce diverse opinions and even disagreement into the closed circle of financial advice and service to the City, the Jury urgently recommends that a conference be convened this year to discuss the matters covered in this report and the more general questions of the City's debt and methods of debt issuance capitalization of bonded debt (as well as of pension funds and health funds, particularly in light of the City's present reduction in work force and therefore in contributors to these funds). The Jury recommends that the conference include representatives of professional, citizen and neighborhood groups, to hear their concerns and to spread more widely knowledge about City finances, as well as diverse financial experts, including bond traders. We also recommend that computer experts from other municipalities and local universities be invited to discuss ways in which the morass of paperwork and the obstacles to accurate and



## SPECIAL REPORT ON CITY DEBT MANAGEMENT (continued)

speedy retrieval of information on the City's finances can be removed.

We recommend that the conference seek ways to expand the number of bond attorneys whose opinion might be acceptable to investors, so that eventually (as this will not be possible easily, immediately or even soon) advice may be sought from and fees paid to more than one such source for each type of bond. This might be handled competitively or at least comparatively. Even if such a conference were to find that the Grand Jury's concerns were groundless, every member of the Jury would be gratified and the City's credit would be strengthened. If our fears prove well-grounded, then actions can be taken which will have the same result.

Finally, we wish to clarify our conclusions about Non-Profit Corporation bond issues. We are not suggesting that they should never be used. We are not suggesting that they always and automatically legally encumber a city with any defaulted bond issue. They usually do not. But a default in a Non-Profit Corporation may require a city to undertake the cost of the issue anyway, because the city's credit or desirability as an investment vehicle may be linked either strongly by the action of the city in approving the issuance of the bonds, or its appearance on a lease (in which case the linkage is clear), or indirectly only by the thought processes of individual investors. In either case, the city may choose to act in order to avoid enormous problems and costs that would be a worse alternative. What we are demanding is that the City and County of San Francisco consider these risks each time a non-profit corporation is proposed, and not pretend they do not exist; that the City therefore look very carefully at projected revenues and expenditures of each such proposal; and that the City consider carefully the entire debt structure of the City and County, recognizing that purely general obligation bonds (now a minority of all our debt) are not the only part of the debt that must be kept under control. Reasons other than statutory limitations, reasons including overall long-term funding requirements and potential tax support must be considered.

### Summary

The Grand Jury finds that San Francisco's management of its debt requires:

1. More open exchanges.
2. The involvement of competitive firms at every possible step, not just in purchasing bonds, and the comparison of advice from different and disinterested sources.
3. Public reviews of financial status, and insistence that the Controller's reports and City Accountants' reviews be timely and thorough. (They presently are certainly not timely.)



SPECIAL REPORT ON CITY DEBT MANAGEMENT (continued)

4. An upgrading of the gathering, storage and use of financial data by the City, particularly to see if better use can be made of existing computer capacity so that figures necessary to a genuine understanding of the City's financial picture can be readily and accurately available.
5. A convening of financial experts, including many not standing to profit from a specific bond issue, interested citizens and representatives of community organizations and different agencies of local government, to discuss, analyze and report fully on the City's financial condition, the degree of risk involved in any and all types of financing, and the best ways to proceed with future debt issues.
6. Great caution and greater honesty in considering the use of Non-Profit Corporations as methods of financing that do not, in fact, totally insulate the City from any possible costs or risks.

William R. Shapiro, Chairman















